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West Europe Report

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BARRE ON PARIS-MOSCOW DIALOGUE; EUROPEAN PROBLEMS

Paris LE FIGARO MAGAZINE in French 7 Apr 84 pp 78-80

[Interview with Raymond Barre by Christine Clerc; date and place not given]

[Text] [Question] You deplored the fact that the Socialist Government was allowing the United States and Germany to have a monopoly over dialogue with the Soviet Union. The resumption of the Paris-Moscow dialogue announced in Washington by Francois Mitterrand should therefore satisfy you, Mr Prime Minister. I say that with no malice intended.

[Answer] It is indeed too important a subject to be discussed with malice, at least if one is concerned with the interest of France and if one is not seeking to engage in petty politicking or idle dinner party conversations. I have said and repeat that for reasons having to do with the geographic situation of France, its positions, its interests in Europe and the world, security and peace, dialogue with the Soviet Union -- a dialogue between governments, frank and uncompromising -- is necessary. That was the policy followed by General de Gaulle and his two successors. After stating in 1981 that French-Soviet relations would never again be as they were before as long as the USSR would occupy Afghanistan, after freezing political dialogue at high levels with the Soviet Union, the president of the republic now tells the American Congress: "Let us not be afraid of dialogue with the Soviet Union" and announces his intention of going to Moscow.

What a switch in language and behavior! Am I happy? I take note of it, await what is to come with curiosity and observe the embarrassment of all those who had gloated about the previous attitude! Whatever the case I do not believe that it is good in foreign policy to change directions too frequently.

[Question] You, who spent 5 years in Brussels under General de Gaulle and Georges Pompidou, concocting a proposed European currency, remain absent from the great European debate now going on. What is the reason for that?

[Answer] First of all, I am not absent from it. I often speak of European problems. Since the beginning of this year I have done so in France, the United States, Bonn. But one must not confuse European problems with problems posed by the planning of elections for the European Assembly! I do not believe that discussions on one or two lists for the opposition are of essential importance for the future of France and the Community.

With respect to the real European debate, the debate on the Europe of the future, it is perhaps because I have been quite closely linked with Community affairs that I am somewhat cautious in my remarks. At the present time, the French Government is involved in difficult negotiations. The French presidency is trying to arrive at solutions needed so that the Community will function better. I am not unaware that all member countries must make sacrifices if they want to safeguard the common agricultural policy and ensure the long-term financing of the Community. I prefer to abstain from excessive or untimely comments.

And there is the future of the Community. Its substance will not depend on France alone, but on ten countries, then twelve, and in any case, at least some of them, which will be able to pull along the others. Let us therefore beware of trying to "order" our type of Europe on our partners and the world!

[Question] What do you think of the attitude of Great Britain? Can one let it go on blocking the game in this fashion for long?

[Answer] Great Britain is vigorously defending its interests. I am not overly surprised. I was in Brussels when Great Britain entered the Community. The desire of the five, whose position the French Government supported, to expand the Community was so strong, after a long wait, that negotiations did not get to the heart of all the problems and especially the more important ones. We thought that time would fix things, but the problems are still there.

Before 1969, French diplomacy maintained -- and rightly, in my opinion -- that if the Community were expanded to six nations it would change completely. A Community with nine, ten, then twelve members, obviously has greater heterogeneity than a Community with six members. Moreover, as General de Gaulle emphasized at the time, "the nature, structure and situations characteristic of Great Britain are profoundly different from those of the continental nations." This remains true. As the Community expands, we have to find new formulas to ensure its operation. We did it in 1979 at the time of the creation of the European monetary system, in which Great Britain is not yet a participant. It is without a doubt the first example of a Community with variable geometry, capable to considering the individual characteristics of certain of its members.

[Question] I find you very philosophical at a time when there is so much talk of the decline of Europe, when there is a feeling of urgency!

[Answer] In the past 20 years, I have gone through many Community "crises." Solutions have always been found. One can even say that the crises help promote Community construction. I do not underestimate the gravity of the current difficulties, but I believe that will have a favorable outcome. In the Community, one always has to have a great deal of patience. As for the decline of Europe, it is a theme that comes back into fashion from time to time. But I do not see why Europe could not face the challenges it experiences once more in its history!

But we have entered an election period and the lyrical illusion has one more opportunity to manifest itself!

[Question] But does the Europe of petty calculations not suffer from precisely that lack of lyricism?

[Answer] That is all part of the daily life of a functioning Community! Why ignore it or underrate it? Furthermore, it is not lyricism that made the Community. Robert Schumann's statement of 9 May 1950 is a model of moderation. Construction of the Community was proposed and brought about by statesmen who had a vision, determination and tenacity, sometimes despite indifference and the hostility of public opinion. I am not pessimistic about the future of the European Community and for a very simple reason: Each of the member countries has the instinct for survival and knows that in the world of tomorrow, it will find additional chances and strength in a European union.

That is what counts and not the verbal deluge that is overwhelming us!

[Question] Do men and women not need this "lyrical illusion" that seems to bother you so much? Is trying to ignore it not, as Francois Mitterrand once wrote, "making a mistake about the nature of those who claim to lead"?

[Answer] Francois Mitterrand has in fact written: "A policy that ignores dreams is a policy that is mistaken about the profound nature of those it claims to lead."

And, if one speaks about dreams, I have the impression that the dream Francois Mitterrand has given the French, especially those of Lorraine, is turning into a nightmare. I think his remarks are increasingly characterized by an economism in no way better than what some criticize me for.

But I should like to answer your question with this observation by Chateaubriand: "There is prodigious intelligence in France but they lack good thinking and common sense. Two phrases intoxicate us! They can lead us about with words." The good viscount, who was never lacking in lyricism know its limitations!

[Question] What hope do you offer to the young?

[Answer] The hope that France will remain, provided we want it to, a solid, generous country worthy of its history! Do you believe that I would speak to those asking me if I had no hope in the future of our country? I try to communicate that hope to them because they are increasingly dominated by uncertainty and anxiety. However, I am not among those who believe that in order to arouse hope, one has to conceal reality, the reality of today and tomorrow! I try to speak responsibly to French people who deserve something more than soothing, sweet talk.

[Question] But how can one be elected by repeating that we have to tighten our belts?

[Answer] I do not believe that one can do or say anything to get elected! It is a matter of intellectual honesty. It is not only I who now say that we

shall have to tighten our belts in the years ahead. The president of the republic is apparently telling that to those with whom he speaks. Read the press comments, including the press favorable to the government, following the publication by the Ministry of Economy and Finance of the amount of France's foreign debt at the end of 1983! Everyone understood that substantial debts had to be repaid.

In speaking to the French -- French people from all backgrounds and all professions who come to listen to me because they want to -- I am careful about three things: I do not flatter group interests; I avoid exaggeration; and I reject one-upmanship. Finally, I avoid in general any mediating gestures. Too bad if that does not abide by the canons set by experts in political communication!

[Question] Does that mean that you will not participate in the European campaign of Mrs Veil?

[Answer] What connection does that have with what we are saying? Nevertheless, here is my answer: The opposition political parties have drawn up a single list. Since I belong to the opposition, I wish it success, but it is obviously up to the candidates and leaders of the opposition political parties to drive the election campaign.

For my part, I shall speak on two occasions: in Nancy, where I am to go at the invitation of Mr Rossinot and where the European University Center asked me to tell of my experience in Community affairs and give my views on the future of European construction; next, at a meeting organized by Rhone-Alpes associations on the topic of the values which young people must affirm and defend in the Europe of tomorrow.

[Question] Two years ago, you toured the provinces. What did that visit to people's homes teach you about the French?

[Answer] First of all, that their behavior toward me had nothing to do with what is usually attributed to them. Next, and this confirmed my intuition, that they are aware of their country's problems, concerned about its future and that of their children, determined to make the necessary efforts to overcome difficulties, and finally, that they do not want to be deceived!

[Question] I followed you on some of your tours. From week to week, I saw you change. You became less professorial, warmer, more relaxed. You now make your audiences laugh. Do you feel you have changed?

[Answer] I shall suggest, if you please, that you not say I am less professorial. You must not disappoint the microcosm! I occasionally make my audiences laugh because one has to have a moment of relaxation. I exercise my talent on a subject that lends itself to it, on the "deputy chiefs," for example. You will admit that one has more freedom of tone when one does not hold certain offices! But I remain the same and today, as yesterday, I do not practice demagoguery of the heart and the warmth of power. My contacts with the French are all the more pleasant and relaxed because they come to hear me spontaneously. I have no way of mobilizing a captive audience!

[Question] That is why they say you lack "a machine!"

[Answer] And yet, there are plenty of people! I enjoy much unbiased support and dedication in the planning of those meetings, but I have no "party hacks." It is better, because the meetings with the French are then direct, simple, and consequently, comforting. Between the French with whom I dialogue and myself, a special bond is formed based on mutual respect and trust.

[Question] Has this experience caused you to wonder, as Valery Giscard d'Estaing now does, about your "form of explanation" when you were head of the government? "Another warmer language, that would appeal more to intuition and emotions, would have made it possible to make the argument better understood and make people share one's convictions," the former president writes. If you had it to do over again, would you make yourself better understood?

[Answer] I believe that the French have always understood what I said to them, but many did not accept it for an obvious reason: The opposition at the time, a large part of the majority at that time and a great number of information media explained to them that another policy had to be followed, that I had no other aim than to impose on them an austerity they did not deserve. They accused me of being arrogant, stubborn and scornful because I did not listen to those who urged me to follow the policies they wanted. Remember: the recovery; the increase in the price of oil, which was of no importance and which was but a pretext; the need to increase purchasing power; the voluntarism that was to be substituted for an outmoded liberalism; France sacrificed for the franc, and other remarks of the same intellectual level. Today, the Socialist Government is saying what I said at the time, but there is one advantage: The Socialist Party, the Communist Party until recent weeks, information media at the disposal of the government tirelessly repeat that it is the austerity policy the French need and that I am guilty of not having followed it vigorously enough. Absurd! Do you believe it is easy to govern with an "apparent majority" that adds its criticisms to those of the opposition? Whatever the case, the ideas I defended between 1976 and 1981 have made headway. The detoxification of the French is underway.

[Question] Of what are we to cure ourselves?

[Answer] The French have not yet entirely understood that the world had changed, that the "good old days" were really over, that in the years to come, France would be confronted with inexorable competition and that it is only through a continuous effort that they would be able to regain economic growth and an improved standard of living.

They have not yet entirely understood that the key to our future was competitiveness, that the latter did not only concern business, but mechanisms of social protection, the system of education and training, the administration, the behavior and mentality of everyone.

They are not yet willing to accept that "cleansing process" which the British since 1979 and the Americans since 1981 have courageously undergone, even though it has been very painful, but from which both are now beginning to enjoy the fruits.

That is what I tirelessly tell those to whom I speak. I do not try to get them worked up politically, but to speak to them seriously. I observe to my satisfaction that my language captures their attention.

[Question] By dint of trying to be detached from the debate of the political microcosm, are you not afraid that they will criticize you for being "absent"? You have been criticized for not having committed yourself to the battle for free schools. Why did you not go to Lyon or Versailles?

[Answer] It is truly funny to hear that! Ask those who find that I did not commit myself if they do not read the newspapers, beginning with LE FIGARO! I could not be at the Lyon demonstration because I was in Davos for a week, including Sunday, presiding over the symposium of the European Management Forum. I said so in the appeal I made on behalf of the demonstration, which was published in all the Lyon and even Paris newspapers. If I did not go to Versailles, it is because I am elected from Lyon, not Paris or Versailles.

[Question] This means that the strength of images is infinitely superior to that of words. A single image of you leading a parade would have been more striking than all the bulletins!

[Answer] No, that simply reveals the bad faith and mediocrity of certain political circles that I disturb.

I would add this: If I had been able to participate in the Lyon march, I would have done so unostentatiously, out of my convictions as a citizen and university professor. There are two things which, since the beginning of this question of private education, that I have refused to do: first of all, exploit for political purposes a debate that concerns the future of French youth; second, criticize public education of which I am a part, because I find it inadmissible to pit public education against private education, and because despite weaknesses and regrettable deviations, I know a very large number of teachers in public education from all political factions, teachers who remain loyal to the principles that have made the quality and dignity of education in France. In a word, there are ways of "being present" in important debates that do not suit me, even if they do present political advantages!

[Question] At the end of their detoxification, do you believe a modernization of the political mentalities of the French is possible? Will we finally become more rational? Or are we eternally Latin-Gallic?

[Answer] We are a people that takes pleasure in splitting up over ideologies and, based on historic events, forming camps that oppose one another in an almost diehard manner: the monarchy and the revolution, Mr Combes and the Catholic Church, De Gaulle and Vichy, French Algeria and countless others. We have to have a serious situation before the French will overlook their quarrels and agree to the changes and sacrifices that are indispensable to safeguard the nation.

They then find someone whose mission it is to put things in order. Once the obstacle is overcome, once the clouds cleared away, they send him away and return to their favorite political games.

[Question] You are truly without illusions! Nothing has changed for you since the Gallic war?

[Answer] The Gallic fiber remains present and powerful in us, but it is matched by a peasant fiber that brings us back to common sense when necessary.

[Question] So one must take advantage of these short periods to make reforms? What reforms?

[Answer] I believe that one principle should inspire them: making all the necessary changes so that France may face international competition and above all, give complete freedom to private enterprise, stimulate creativity, innovation and renewal in our society. Naturally, we must avoid hasty actions that would mainly cause disorder. The country truly does not need them.

At the proper time, given the state of France and the national and international limitations, we must propose some clear and simple objectives behind which French people of good faith and good will can unite for the good of the country.

[Question] Do you now believe that recovery is possible?

[Answer] I believe so and say so.

It is not because I do not want to hide the difficulties of today and the future that one must think I doubt our ability to overcome them! What better argument than our recent history? Who in 1946 could have thought, observing France's situation on all levels, that in 30 years it would accomplish such a profound change and experience such remarkable expansion and social progress? That was the result of the effort and work of the French. It is that effort and that work that will enable us to adapt to the world of tomorrow.

France has substantial assets. The French have qualities to which the society of communication and computers of the future will appeal: intelligence, initiative, creativity and innovation.

The French can therefore have confidence, but they will succeed all the better and all the more quickly in emerging from the mess they are in if they take a little less interest in their immediate personal problems and group interests and think of France, of the destiny they want for it, the future of their children.

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YUGOSLAV REPORTER: IMMIGRANT POLICY AVOIDS PROBLEMS IN FRG, FRANCE

Stockholm SVENSKA DAGBLADET in Swedish 4 Apr 84 p 9

[Article by Yugoslav reporter Bosko Jaksic, translated into Swedish by Gunnar Lindqvist]

[Text] Bosko Jaksic found his stay in Sweden also to be a trip "In a Foreign Land," which is the title given by SVENSKA DAGBLADET to its series on immigrants. The series was introduced by Theodor Kallifatides with reports from the FRG (18 March), Switzerland (21 March), France (24 March), and Belgium (31 March). We say this because Jaksic is Yugoslav, and SVENSKA DAGBLADET invited him some time ago to come here to study the problems of our immigrants "through a foreigner's eyes." Bosko Jaksic has worked for POLITIKA, one of Yugoslavia's largest and most important newspapers, with headquarters in Belgrade, since 1972. Jaksic has traveled extensively in East and West Europe as well as in southern Asia and the Middle East.

Henry Bjorklid, a 33-year-old computer technician currently working as a porter in a Stockholm school, is one of the 160,000 Finns now living in Sweden.

At about the same time that Henry, with no skills whatever, started working in the port of Goteborg 14 years ago, a farmer in Hallstavik, 120 kilometers from Stockholm, hired a man of the same age who had come from Yugoslavia.

Stamenko Kandic had discontinued his apprentice training in a vocational school in his homeland to move to Sweden as one of 38,500 Yugoslavs. He eventually became the owner of the Babylon Restaurant in Stockholm.

Naturally, neither Henry nor Stamenko was acquainted with the Greek Giannis Makris, who as long ago as 1965--when the big wave of migration to Sweden started--heard from his friends in Athens that "Scania" was looking for manpower.

In those days, his skill with comb and scissors was not much help. Now 43 years old, he has found himself: he owns a barbershop in Jarfalla, although he says it is seldom that any of the 13,100 Greeks living and working in Sweden drop in to see him.

Henry, Stamenko, and Giannis still do not know each other. Their stories are similar in many ways, however. I chose them completely at random. They will help the author of this article by verbally illustrating his conception of the position occupied by the 405,000 foreigners in Sweden and serving as vignettes of the Swedish opinion of immigrants, representatives of the opinion the immigrants have of their hosts, and light touches with the reporter's brush on the variegated palette made up of what people here call immigration policy, the immigration issue, a society with cultural pluralism, and so on.

Many Similarities

There are many similarities in the first steps taken by these three men in Sweden and, indeed, by the tens of thousands of others who, in the mid-1960's, hurried off in an almost dramatic way to Sweden--a country which had been a country with sizable emigration only three decades earlier.

Industry, which could scarcely be expected to have foreseen the coming decline, needed manpower. A system of selection--applied wherever possible--had a lot to do with the fact that Sweden is not facing serious problems with its foreign labor force today in the same way as, for example, the FRG or France.

That system, which required that the immigrant workers be quickly incorporated into the labor process, language study, and vocational and general education, turns out today to have been of great help to them.

All the Unemployed

In France, people say that 2 million unemployed is the same as 2 million foreign immigrants too many. The FRG has offered every foreign worker 10,500 deutsche marks as compensation for leaving (plus DM1,500 for each child). The "Holland for the Dutch" campaign, which was started by that country's center party, has gained renewed strength. Switzerland, like Belgium, has established very stiff requirements for obtaining a visa and a job. A direct connection is made between two figures, and the message is very clear: there are 12.5 million foreign workers in West Europe and 12.2 million unemployed people.

Avoided Pitfalls

With its well thought-out policy, Sweden has avoided those pitfalls from the start. The result is that the just over 1 million foreigners who came here to find work and earn good money (and of whom 405,000 have kept their original citizenship, while 606,000 have become naturalized Swedes) have escaped the danger.

"We must treat them in the same way that we treat Swedes," says Thord Palmblad, general director of the Immigration and Naturalization Board, thereby echoing the attitude adopted by Parliament as far back as 1968. "Their distance from Swedish society is still great, but in addition to their learning the language, we feel it is important for them to become a part of political and professional life. Athletic, religious, and youth organizations are encouraged to accept more and more immigrants into their ranks. In all those areas, time is on our side."

Henry, Stamenko, and Giannis did not think about that in the beginning, if in fact they had any clear idea at all--besides money--about the country they were coming to.

Cultural Environment

A great many of the problems encountered with immigrants, or "black heads," as they are sometimes called, go back to their social and cultural environments in the countries they came from. Generally unskilled--and in some cases even illiterate--unable to adapt and confused by the contrast encountered, most of them chose to serve the new homeland "temporarily."

Henry says: "I began in the port of Goteborg. After that I washed dishes in Boras, and then I worked in a factory that made plastic. To ensure that I would not become unemployed, the Swedes offered me a year of AMS [National Labor Market Board] training to become a radio and TV technician. I had a girl friend in Finland and did not intend to stay here very long. I went back home. But the wages they offered me there were miserable, and the jobs were temporary."

Stamenko says: "After working in agriculture, I worked in a food processing plant. After that, I worked in a papermill, and then I came to Stockholm, suitcase in hand. For 3 months I washed dishes (that seems to be an unavoidable phase in one's career) at the Gold Hat Restaurant, and for the next 3 years after that I worked overtime at various grill bars in the city. I bought a Mercedes, like every other Yugoslav immigrant, and thought about going back home. I only came here to stay temporarily anyway."

Giannis says: "Out of 500 people applying for work at 'Scania,' I was one of the 421 who were chosen. For a year and a half, I worked extra hours every Saturday at a barbershop. My impressions were favorable, but I associated mainly with Greeks. I had intended to stay for 4 or 5 years and then go back home after that temporary stay."

I had more contacts with immigrants during my stay in Sweden, but I am still confused by that word "temporary," which in a great many cases has grown into something permanent.

"Want To Enjoy Benefits"

Part of the explanation is undoubtedly to be found not only in their new material circumstances and working and living conditions, but also in their new habits. Showering has become a morning hygienic ritual even for those who, in the simple homes they had before coming to Sweden, probably did not even have running water--and they certainly did not have hot water. I suppose that a Swede finds it difficult to even imagine such a situation.

It is in the matter of social security, an area where the Swedish "welfare state" has far outdistanced many of its rivals in the West, that we surely find the conclusive explanations.

"Many of them came here to enjoy what our country offers," said one 21-year-old Swedish woman, thereby setting off a lively discussion around the table at which friends of hers, about her age but not agreeing with her, were seated.

New Opinion

But as the years have passed, the Swede's opinion of foreigners has changed. This is how Karin Bush, a researcher for SIFO [Swedish Institute for Public Opinion Polls], sums up the results of a 3-year poll that included confidential interviews with 12,000 Swedes:

"The most interesting thing is that in many respects, Swedish opinion (of the foreigners) has changed for the better over the past 10 years." And she cites a few examples that will be published later in April. To the question of whether any foreigner who commits a crime should immediately be deported from Sweden, 49 percent of the Swedes polled answered yes in 1969. According to the results now compiled, that figure had fallen to 29 percent in 1981.

"Don't Want To Learn"

Another example: on the question of whether foreigners come to Sweden to take advantage of the country's social benefits, every second Swede said that was the case 15 years ago. Three years ago, the figure had dropped by half--it was down to 24 percent.

Times change. A majority of Swedes are fully aware that it is precisely the immigrant workers who have contributed a great deal to the building of the welfare society. It is they who, according to the latest data from the Ministry of Labor, have had twice as much night work as their Swedish fellow workers and three times as much shift work. It is they who, according to the same data, are unquestionably more exposed to a noisy, dirty working environment and the risk of accident in the workplace, says Agneta Kloarec, an assistant at the Joint Industrial Safety Council, on which the SAF [Swedish Employers' Confederation], the LO [Swedish Federation of Trade Unions], and the PTK [Negotiating Cartel for Salaried Employees in the Private Business Sector] are represented. "They don't want to learn a great deal from us."

Language Barrier

And that, in addition to the language barrier, is the problem: how are they to assimilate new knowledge? It is one of the problems illustrating the differences between the foreigners and the Swedes. Lack of communication and an objective or subjective inability to create such communication, combined with the lack of familiarity with study which most of the immigrants brought with them in their single trunks held together with string--all of that leads not only to an increase in the number of industrial accidents among immigrants, but also to a number of psychological problems.

Here, too, time is surely the only medicine.

Agneta Kloarec claims: "They quite simply do not know that there is something called a work environment." Few foreign workers have attended the courses on occupational safety, even though Swedish law provides that every firm with at least five employees must have a safety representative, who is elected for 3 years.

Big Debt

We said above that times change. That is true, but not always in the way we would like. Confronted with economic difficulties, the Swedish Government has chosen the "work and save" approach to overcoming the crisis rather than "wait and see." The country's foreign debt of about \$3,100 per capita is four times higher than that of Brazil. Public sector spending consumed as much as 68.1 percent of the GNP last year.

An independent polling institute in the commercial and social sector recently warned of "catastrophic effects on employment, the balance of payments, and inflation." The number employed in industry has declined by 3.6 percent, meaning that open unemployment is rising and that the already expensive employment programs will become even more expensive. The pensioners, who have had things relatively good, missed out on compensation for last year's devaluation.

Unavoidable Topic

An unavoidable topic is what the comments might be concerning the effect of such a situation on the immigrants. Minister of Immigration Anita Gradin says: "We will stand behind the foreign workers now that Sweden is being confronted with a complicated economic crisis and unemployment just as we did when they came here to build up our welfare society."

But the figures are unyielding and seem to contradict the minister's statement. According to data released by the SCB [Central Bureau of Statistics] in January, 3.2 percent of the 4,130,600 employable Swedes were unemployed during the last quarter of 1983. Of the 219,900 employable foreigners (42 percent of whom work in production), almost twice as many (6.2 percent) were out of a job. That unfavorable situation for the foreigners pervades all six age groups.

With a Sigh

That is why we heard one immigrant say with a sigh: "I am disappointed in the Social Democrats. The nonsocialist parties were much more flexible in their policy on immigrants."

Unemployment is naturally not the only problem weighing on some of the 1 million foreigners in Sweden.

Henry says: "We have learned to think about each and every krona."

Stamenko says: "I have felt the crisis. Business is down."

Giannis says: "Things are good, but they have been better."

The majority still dream today about becoming rich and leaving. One gets the impression that the only ones who have adapted adequately to life in Sweden are those who came with the first wave of immigration.

It is no one's fault, and no one should be blamed. But if anyone has adapted, it is the Finns, who established ties with their neighbor to the west first as a "colonized people" and then through cultural and trade relations.

For most of the Yugoslavs, Greeks, and Turks, the shock of the contrast between the poor but hearty and warm culture of southern Europe and the cold, Ibsen-like, and puritanical welfare state is something that only a few have been able to handle.

Monotonous Work

Monotonous and hard work, language difficulties, hesitation as to whether one should go home or stay in Sweden, changes in family relationships (man-woman relationships), problems with children and their upbringing, pressure from society, expectations from one's surroundings in Sweden and in the country from which one came, misunderstandings between the individual and the authorities or his trade union, employer, and fellow workers, impatience, and unemployment--all of that is part of an immigrant worker's everyday life, according to Dragan Dobromirovic, an immigrant who came to Sweden long ago.

Dick Jansson, a 24-year-old train engineer from Stockholm, does not even want to hear about all those problems. He says simply: "They are exactly like us. I don't think they are so different. That's the way it should be everywhere."

The problem of a lack of communication between Swedes and immigrants seems to be the wall that separates them. Naturally, one must make a distinction between contacts in the workplace--which in general are okay--and human contacts in private life.

Two Sides

The problem has two sides, as is confirmed by many informants. This applies not only to the barrier between Swedes and foreigners, but also to the barrier that exists among the Swedes themselves. It may sound cynical, but two or three glasses of strong Swedish beer are a medicine that helps to ease the problem of human communication only temporarily (it also leaves one with a headache the next morning).

The Swedes will not be hearing anything new when one tells them that they are regarded as cold northerners. The British have changed to such an extent in recent decades that compared to the Swedes, one could describe them as temperamental southerners. It should not be forgotten that since the war, Great Britain has taken in many foreigners. Perhaps this is something that Sweden will be confronted with in the future.

The source of these superficial reflections of mine concerning my hosts is a deep conviction, as an outside observer, that what is known as the "immigrant issue" is often a situation with two sides and that in order to see across the gap and close it, one must look at everything openly.

The mentality of most of the immigrants (the differences are least noticeable between fellow Scandinavians) differs considerably from that of the Swedes. But the efforts being made to smooth out those differences are a measure of the will, not of mentalities.

In Rinkeby, an immigrant district in Stockholm, there were seven or eight Greeks sitting in a little cafe. They were not drinking anything, but they were engaged in a passionate political discussion and mentioning the names of Papandreou, Micotakis, Rallis, and others. They were talking politics. Then a Swede came in. He gazed around the cafe, made a wry face at the debate--and left.

That lack of practical communication was incomprehensible to me. When I heard that the Americans are arranging courses in human communication for the Swedes, many things became clearer, even as regards the chasm that exists between the Swedes and the foreigners in their midst.

Naturally, no one expects Sweden to become like Greece, Finland, or Yugoslavia. I realized that no one was asking it to, either. The immigrants must adapt to the environment in which they themselves have chosen to spend all or a major portion of their lives. But just as love requires two people, so does acquaintance. No one gains by staying closed in on himself.

Maria Ronn, a 19-year-old from Djursholm who works as a nurse's assistant in a home for the elderly, says: "By associating with foreigners, I have learned a great deal about their countries without ever going there."

Language Crucial

When it comes to creating conditions for a better mutual understanding, language is of crucial importance.

Henry, who comes from a Swedish-speaking environment in Finland, had no problems with the language, but that is nonetheless the point he criticizes. It would be ignorant to compare Rinkeby, where he lives, with the West Berlin slum districts inhabited by Turkish "guest workers" or with the London suburbs to which the "colored" are consigned. Rinkeby was built in the 1960's in accordance with Swedish town-planning standards: high-rise buildings with spacious apartments, garages, and all the related facilities.

What is lacking in Rinkeby is Swedes, and that bothers Henry. Almost all the Swedes have moved away from Rinkeby to the nearby area of Kista, which was built in 1974 and 1975.

With some justice, Henry claims: "It is a pity that there are no Swedes. This is not supposed to be some kind of Bantustan. At the day nursery, our children speak their own languages using Finnish, Greek, Serbo-Croatian, or Spanish words, but where are the Swedish children? And then they say we have a bad reputation."

Stamenko, the Yugoslav, and Giannis, the Greek, did not know a word of Swedish when they arrived here. "The hardest thing for me was the language," says

Stamenko very frankly. "But I had the good luck to wind up in a place where there were a few Yugoslavs. That and my will to achieve something in Sweden made me grit my teeth and study seriously for the first time in my life. After 2 or 3 months, I could make myself understood."

Giannis Makris' good fortune is named Siv. She is his wife, and she is Swedish. Their story is like thousands of others: a casual stroll, he had the courage to approach her, and then there came love and marriage, followed by 12-year-old Giorgos, 9-year-old Jimmy, and 3-year-old Alexandra. The likable Siv shortened the lengthy and painful time it took for her fiancé (and now husband) to learn the language.

Not Enough

Are 240 hours of paid instruction in Swedish enough for the foreigners, most of whom have only an elementary knowledge of their own language? Pentti Lehto, an information secretary who is in charge of immigrant matters for the LO, Sweden's largest union, does not think so.

"Communication is our biggest problem. The foreign workers--and of our 2 million members, 1 out of 10 is a foreigner--are very poorly informed about their rights and responsibilities. We ought to have a law giving the immigrants more paid time for instruction in Swedish."

Goran Myrdal of the Swedish Employers' Confederation (SAF), which has a membership of 40,000 firms, comes up with a very logical counterargument.

Chance for Palme

Myrdal says: "A 240-hour language course costs the employer 20,000 kronor. Increasing that standard by law and at the same time laying an obligation on the employer would mean increasing employment costs, and that would lead directly to discrimination against foreign workers. An increase in Swedish-language instruction, which we will accept if necessary, must be carried out through programs subsidized by the government."

And from all indications, that is the way it will be. A government commission has already adopted that attitude unanimously. It now remains to be seen what Olof Palme's government intends to do. It has a chance to correct the impression it has made on the immigrant who felt that its policy was not "flexible" and who was therefore disappointed.

11798

CSO: 3650/178

CONSERVATIVE CHAIRMAN ADELSON ATTACKS PALME PRICE CONTROLS

Stockholm DAGENS NYHETER in Swedish 17 Apr 84 p 2

[Text] There is no rational econo-political explanation for the government's panic package. Price and rent controls are ineffective weapons against inflation. The only effect will be that profits are restrained and investments are slowed down. So writes the leader of the opposition Ulf Adelsohn (Moderate) as he studies the government package.

Seemingly, chaos reigns in the government. At the same time as the political branch places a panic package on wage increases, the labor branch warns of conflict in order to increase wages.

The government has only itself to blame. Early on the government mentioned that there was room for a wage increase of 6 percent. Anybody can figure out that there is hardly a basis for an agreement at a lower level after that.

The Social Democrats are responsible for the government and are, thereby, employers on the part of the State. The Social Democrats also have the majority in the municipal and county councils and are, thereby, employers also in those sectors. In spite of this, contracts were drawn up at a higher level than the government now says it can accept.

And this is not enough. Kjell-Olof Feldt has warned several times about the consequences of wage increase guarantees, price increase guarantees and special clauses which allow one sector to re-negotiate if another sector in the labor market reaches a more favorable agreement. Nevertheless, all these clauses are to be found in the official contracts. Contracts for which the government and the Social Democrats alone are responsible.

When both the price and wage guarantees were accepted, the actual increases in wages turned out to be 8-9 percent in both urban and rural districts. The negotiator for the government signed and the Union of Public Employees called the contract a jackpot. The contract became a level below which the private sector could not go.

Secondly, Olof Palme and Kjell-Olof Feldt went out last fall and said that practising economy during this term was not necessary. Totally wrong signals

were sent to the parties in the labor market. If the government had had the energy to save, the negotiations could have been better handled.

Thirdly, the government has pushed through heavy tax increases, equivalent to 6,500 kronor per household, when we need lower taxes instead. This has increased both the cost of running a business and inflation. The households are trying to compensate by demanding higher wages.

Fourthly, the crisis awareness has been diminished. The government has given the Swedish people the impression that the profound economic problems can be solved without efforts. The Prime Minister has let it be known that "we are now masters of our own house" and even during the presentation of the panic package, Olof Palme promised that we are on the right road and that we live in the best of all possible worlds.

As you sow, so shall you reap and the government has sown the problems carefully.

The government is now worried that the settlements will be more expensive than is good for the economy. And it is right. But the consequence is now that the government is intervening against most things--except just the wage increases.

Now we will have a price freeze. During 1,700 years--ever since the price regulations of Emperor Diocletianus in Ancient Rome--humanity has learned that prohibitions and invocation do not stem inflation. Especially if the causes of increased prices still have free play.

At the same time as the government stresses the importance of initiating investments in industry, the investment capital of the industry is withdrawn into locked accounts in the Bank of Sweden.

Increases in dividends are forbidden for so called political reasons. Dividends constitute only about 2 percent of total earnings and a possible increase would be insignificant. But the main thing is to depict the power of capital.

The government is choosing its road. The Communists approve of the panic package. That is socialistic politics with regulations and constraint, as opposed to politics adapted to the market place, which we now need. Instead of a quick decision about strong economy measures, the government now makes new errors. It means that our chances of balancing the budget are worsened still.

There is no rational econo-political explanation for the government's panic package. Price and rent controls are ineffective weapons against inflation. It's like putting the lid on a pot that has already boiled over. The government is now deciding on a price freeze after the cost increases have occurred. The only effect will be that profits are restrained and investments are slowed down. Of course, raising prices can be manipulated if the price freeze is strictly applied.

Inflation in the first quarter was 2.5 percent. This means an annual inflation of at least 8-9 percent. An inflation rate of 5 percent this year is, perhaps, technically possible. At the same time wage levels are being raised by at least 8-9 percent. In other words, we get an artificial real wage increase.

But the miracle will be shortlived. The increase in demand that follows, will end in a price explosion as soon as the price freeze eventually is lifted. Today's situation shows that neither appeals nor expectations are enough to lower the rate of increases in prices and wages. Neither unions--that were supposed to guarantee reasonable contracts--nor changes in the tax structure and promises of increased unemployment insurance, footed by the taxpayers, have led to moderate wage demands.

Furthermore, there is no reason to believe that debates will change anything. All direct interference on the part of the government will only make matters worse. If the government interferes, it will only mean that the responsibility for employment and wages yet again is removed from the labor market.

The government chose to shift the responsibility onto the shoulders of the parties in the labor market. The government rested its hopes on the Swedish Federation of Trade Unions and on Reagan. The Swedish Federation of Trade Unions was to take care of the stability of prices and Reagan's expansion policy would take care of Swedish unemployment.

Letting the labor market decide the rate of inflation, while the government shoulders the responsibility for employment is an incorrect division of responsibilities. The government, with its capability for influencing the availability of funds, the budget deficit and the total demand in the community, must be responsible for stabilizing prices. The labor market, with the right to negotiate, must decide the level of unemployment. Such a division of responsibilities is a central part of our stabilization policy.

The division of responsibility, that I recommend, demands a stricter financial policy. Serious cuts in the budget are a necessity. The government did not choose this road. Instead, it seems to feel compelled to introduce a national income policy--even though covert.

We Moderates oppose governmental interference in negotiations. The parties must be free to negotiate and they must have the right to receive clear-cut game rules, which must not be constantly changed by the politicians. But it has to be freedom with responsibility. Those who have the freedom, must also be responsible for the consequences, even for the unemployment that may be caused by contracts that are too high.

If we are to straighten out Sweden's economy, we have to realize this.

FRIEDRICH ON COPING WITH FLOOD OF REFUGEES

Zurich DIE WELTWOCHEN in German 5 Apr 84 p 35

[Interview with Confederation Council Member Rudolf Friedrich, by Ulrich Kaegi:
"The End of the Influx Is Not in Sight"]

[Text] "A completely rejecting attitude on the part of certain cantons is difficult to reconcile with pro-Confederation Solidarity." Danger of explosion. So far the Swiss have not been particularly excited about the 17,000 unfinished cases involving asylum applicants. During the December session, when Confederation Council member Rudolf Friedrich demanded an additional 155 case workers so that at least the current applications could be processed quickly, the members of parliament did not realize how late it was. They authorized only 80. But if the influx of refugees, especially from the Third World, keeps up or grows, then there will be a danger of explosion. DIE WELTWOCHEN discussed this issue with Confederation Council member Rudolf Friedrich.

DIE WELTWOCHEN: Are we really in a deadend dilemma?

Friedrich: The current situation has the features of a dilemma above all because the flood of refugees has changed completely. When the Asylum Law was passed, we were thinking of refugees from Eastern Europe. But today, the overwhelming majority come from the Third World. There seems to be no end to this influx.

DIE WELTWOCHEN: Could you estimate the number of people in the Third World who are permitted to petition for admission to Switzerland according to the provisions of the Asylum law?

Friedrich: We could not possibly come up with any estimates at all.

DIE WELTWOCHEN: In other words, something that would create the need for making the law's provisions tighter?

Friedrich: Various motions, as we know are asking us to amend the law further. It is therefore still too early to comment on this. I personally am of the opinion that the Confederation Council should get somewhat more action leeway in order to be able to issue special procedural regulations in critical situations.

DIE WELTWOCHER: You keep talking about procedures. Are you afraid of touching the very nucleus of the law--the definition of the term refugee?

Friedrich: This is something one should consider only as the last resort. Our domestic public opinion formation process has not yet been completed on this issue.

DIE WELTWOCHER: Would the obligation to get a visa be one way to stop this uncontrolled influx already in the country of origin?

Friedrich: Today there is already a mandatory requirement for a visa to some extent. But this is no cure-all because asylum applicants often sneak in across the border. In terms of personnel we are not at all in a position to check all border crossing places without any gaps. Our Border Guard Corps has too few people.

DIE WELTWOCHER: But many come in by plane. Would it not be possible to make sure that persons who do not have a visa would be prevented from getting on the aircraft in the first place?

Friedrich: And how are we supposed to accomplish that in a foreign country? Once an airplane passenger reaches a Swiss airport, he has the right, according to the Asylum Law, to file an asylum petition which must be examined carefully.

DIE WELTWOCHER: Also for persons who sneak across the border?

Friedrich: Yes, they have the same right.

DIE WELTWOCHER: Could we bring the influx under control at all with a possible new amendment of the law?

Friedrich: The problem is indeed extraordinarily large. I cannot submit a patent solution at this moment.

DIE WELTWOCHER: Even if you could draft a completely new law, so to speak, on virgin territory?

Friedrich: So long as we stick to an examination procedure--which we are obligated to do by virtue of the law--we are going to run into problems. Even if several countries of origin were "to close the doors," people would come from there just the same. What should we do with them then?

DIE WELTWOCHER: Are you hoping to relieve the situation only through an increase in personnel which would make it possible to process those asylum petitions faster?

Friedrich: Since we are bound by the Asylum Law, we need more personnel in order to be able quickly to process the applications in accordance with the law. This is why we submitted a request for additional personnel during the winter session. But we were only authorized a part. This means that--once the additional personnel has been hired and has become familiarized with the job, which takes time--we will be able at least to process the newly incoming

petitions probably in a continual manner. But we cannot reduce the mountain of pending applications with the personnel we have been authorized. The authorized slots are not enough for that. It is my impression that Parliament did not fully recognize this problem complex during the winter session. Otherwise it would have decided differently although we did describe the situation very clearly.

DIE WELTWOCHTE: Do you hope that the faster processing of applications will also bring about the more effective deportation of those persons who were denied asylum?

Friedrich: That is what this is all about. If we can process the cases within a few months, then, in case of a negative ruling, we will be able to send those people back. But so long as the mountain of applications cannot be reduced, it will take several years before a final ruling has been handed down in a case. But then it is no longer possible, for humanitarian reasons, to send those people back. This again increases the force of attraction of Switzerland as a country that offers asylum. Because it at least offers the guarantee that a person can stay in Switzerland for the duration of the proceedings. But the moment we can reduce the proceedings with the help of more personnel, Switzerland will no longer look as attractive.

DIE WELTWOCHTE: Is Switzerland more attractive than its neighboring countries?

Friedrich: Other countries are also having difficult problems. Switzerland's attractiveness undoubtedly is also connected with the comparatively good economic situation here. Today many people leave their homelands above all for economic reasons because they believe that they can make out better here in Switzerland.

DIE WELTWOCHTE: Does this mean that better coordination between receiving countries would not bring much benefit?

Friedrich: We have enough agreements but each country has its own problems. We certainly cannot simply shift our problems to the international level.

DIE WELTWOCHTE: How many refugees can Switzerland accommodate, in the opinion of the Confederation Council?

Friedrich: Our Asylum Law is so designed that it is open-ended on the top. And we are bound by this law. It does not provide for any quotas or any numerical limitations. The law does of course contain an emergency clause which however cannot be applied in the present situation. The clause provides that the Confederation Council can order restrictions in case of war or in case of serious international tensions in Europe.

DIE WELTWOCHTE: What happens if, some day, a new and big wave of refugees comes at us from a European country?

Friedrich: There is reason to fear that the hands of the authorities might be tied precisely at a moment when our receiving readiness would be most urgent. If such a wave were to come at us, we would have to think about emergency measures.

DIE WELTWOCHE: What can the Confederation government do to persuade the cantons to behave with solidarity?

Friedrich: Right now the situation is such that the Confederation cannot force the cantons in any way to relieve other cantons of refugees. We are trying to do that in a voluntary way. We will submit a new proposal to the cantons shortly. The question as to whether one should not give the Confederation some authority to distribute the refugees has been discussed once before. But this idea ran into strong rejection during the testimony given in Parliament.

DIE WELTWOCHE: What do you think about the comment made by a canton representative who said: "We are not going to let any blacks in?" What is your judgment of the attitude of such cantons?

Friedrich: A completely rejecting attitude on the part of certain cantons is incompatible with pro-Confederation solidarity which is otherwise mentioned all the time. It is the obligation of the Confederation to see to it that the heavily crowded cantons are relieved.

DIE WELTWOCHE: Does not the entire examination procedure become a farce when even applicants who have been turned down can no longer be forced to leave the country after waiting for many years?

Friedrich: One cannot speak of a farce here. Many applicants, who have been turned down, did leave Switzerland with the passage of time. Many also depart again voluntarily the moment the situation is explained to them and even before there is a formal ruling. On the other hand, there are those other cases that took several years to settle. In the meantime, the applicants have become rooted here, perhaps their children are going to school here, and the father has found work. In such cases it is, for humanitarian reasons, as a rule no longer possible to send them back. Often, the cantons, which have authority in the particular case, refuse to do that.

DIE WELTWOCHE: Once upon a time you contemplated the idea of removing the mountain of applications--about 17,000 unprocessed applications--with the help of a general permit. Did you discard the idea again because this kind of unlawful blanket solution could trigger vehement reaction?

Friedrich: A blanket solution would naturally be highly problematical. But if they do not give us the people we need to reduce this mountain of pending applications--what are we supposed to do?

DIE WELTWOCHE: In connection with the Tamils, in particular, there has been talk of so-called underground railroad organization. Are those humanitarian or commercial outfits?

Friedrich: Those are commercial enterprises that want to make money.

DIE WELTWOCHE: And does this mean they are consequently interested in keeping the flow of refugees coming?

Friedrich: Precisely. But there is very little we can do about that because these operations operate abroad. On top of that you have the fact that the countries of origin of the refugees naturally are not at all interested in stopping this emigration. They suffer from overpopulation, unemployment, and poor material conditions.

DIE WELTWOCH: Must we now be prepared to "discover" other ethnic groups in Switzerland?

Friedrich: That is entirely conceivable.

DIE WELTWOCH: What is the Office of the UN High Commissioner for Refugees doing?

Friedrich: It is trying above all to see to the reception of refugees in the countries of origin or their region. Switzerland also participates in such projects. But, in dealing with an individual refugee movement, such as that of the Tamils, the UN High Commissioner's Office is also powerless. In other cases it is very successful. Here we might mention, for example, the Afghans in Pakistan. What would happen if another 3 million Afghans were to come? The prerequisite was that Pakistan give its agreement to the housing of these refugees on its territory. But, conversely, India does not under any circumstances accept any Tamils.

DIE WELTWOCH: Could more be done in the regions of origin?

Friedrich: That would be by far the best solution. But our action possibilities are extraordinarily limited. After all we cannot tell those countries what to do, even if we are ready to participate financially. The possible receiving countries after all are mostly very poor and overpopulated themselves.

DIE WELTWOCH: Could it be conceivable that nationals of a certain country are "barred" because there is no political oppression by the government there-- in other words, they would from the very beginning be excluded from applying for asylum?

Friedrich: In that case we would have to define the concept of the refugee differently in our law. For example, we could say that we want to admit only refugees from Europe. But what do we do if others come nevertheless? There would hardly be much change in practical terms. But we would certainly be reproached for violating the European Human Rights Convention.

5058

CSO: 3620/270

INONU ASSAILS OZAL APPROACH TO TURKISH 'CREDIBILITY'

Istanbul CUMHURIYET in Turkish 24 Apr 84 pp 1,11

[Interview with Social Democracy Party leader Erdal Inonu; date not specified]

[Text] Ankara--The leader of the Social Democracy Party [SODEP], Professor Erdal Inonu, stated that the credibility Turkey has gained in the West is not complete. Inonu said: "If the issues needed for international credibility are not all equally emphasized, the credibility Mr Ozal is talking about remains incomplete." Responding to the questions of the CUMHURIYET correspondent, Inonu said that he wants to see the social democratic wing unified "in order to end the existing abnormal political atmosphere."

The questions asked to Inonu and his answers are as follows:

[Question]: Prime Minister Turgut Ozal has frequently remarked that we have regained our economic credibility in the West. What are your views on the issue of credibility in the West? Can foreign credits alone be a measure of credibility?

Inonu: Mr Ozal has a fairly narrow philosophy of life. He always views the world from a single standpoint, that of trade. Credibility in the West and credibility in general is a multifaceted issue. It can change from individuals to corporations as well as from country to country and from government to government. But there is a fundamental aspect in all these changes. None of the values needed for credibility can be ignored; they stand as a whole. This must not be forgotten. Paying one's debts and finding credit is a credibility issue. But so is the good and just treatment of one's surroundings. If the issues needed for international credibility are not all equally emphasized, the credibility Mr Ozal is talking about remains incomplete. A government can both be economically strong and treat its citizens in accordance with the principles of human rights. This is how Turkey was during the first years of the Republic. Both the Public Debts were paid and an environment was created whereby citizens could take their place in an ever-advancing world and could lead enlightened lives. The state did not hold back efforts to make its citizens benefit from human rights facilities.

[Question:] Is there anything missing in the credibility that has been achieved?

Inonu: We oppose the rectification of the economy even as democratic and social rights are ignored. Just as the human factor weighs heavily in the economy, it should also carry weight outside the economy. There are certain human rights issues which are not included in economic arrangements and which should not be ignored. Ignoring one side while taking care of another side leads to an incomplete picture.

[Question:] Are there any changes in your views concerning the unification of all social democrats under a single roof?

Inonu: There are no changes.

[Question:] Is it possible that SODEP may face an impasse if the Populist Party [PP] and the leftist democratic party that is being formed agree to merge?

Inonu: No. We have a certain position in Turkey. You recall how I initiated the issue of unification. I said at the time that if the opposition in the Assembly merges with the opposition outside the Assembly we could have a more normal development. But at a time when difficulties persist and are being misinterpreted, speaking about this issue may hamper the party's normal activities. Consequently, the most sound course appears to be waiting for this affair to mature, if it ever will, while continuing our activities. Our party has no reason to shy away from such a development. I called for unification to end this abnormal situation rather than in order to unite the social democrats. We are not able to make that happen for the moment.

[Question:] Can the unification issue be postponed and the three parties act together on certain issues?

Inonu: Forgive me but there are no three parties at the moment.

[Question:] I said so with the anticipation that [a third one] will be formed.

Inonu: This is not a matter of anticipation. If a new party is formed, there will be three parties. Right now there are two social democratic parties. The two parties were formed under different circumstances. I believe that this what lies at the root of the problem. This is what I mean when I say that the environment for unification does not exist. I do not want to be excessively critical of what the PP is doing. Because this is causing resentment. I prefer not to say anything. Cooperation on certain issues depends on everyone's will. In my opinion, we can say that normal cooperation exists. What [PP leader] Mr Calp and I are saying as well as the criticisms leveled by SODEP and PP spokesmen are all similar. If one shut one's eyes, one would think that there is only one voice speaking for the social democratic segment. What is strange is the malevolent remarks made by one party against the other. As a result of all these problems, we are naturally unable to settle the issue.

BIRAND TIES SALARIES TO PARLIAMENTARY CREDIBILITY

Istanbul MILLIYET in Turkish 24 Apr 84 p 7

["Corner" column by Mehmet Ali Birand: "A Parliamentarian Cannot be Made to Work for 140,000 Turkish Liras"]

[Text] In every country of the world, the parliamentarian is a very important and highly respected person. His importance and respectability stems from the fact that he represents the people. The citizen who wants something for his neighborhood or village or who feels he has been wronged goes to his representative in the parliament and asks him to defend his rights. Since a democracy that is not supported by the people cannot exist, a democracy without parliamentarians cannot be contemplated.

The state is obliged to provide to the parliamentarian the material and nonmaterial conditions that are necessary to enable him to represent the people. A parliamentarian whose hands are tied and who is deprived of material comforts cannot properly represent those who voted for him, and this situation harms first the parliament and then democracy.

The United States is the best example we can cite.

A senator or congressman who gets elected to the U.S. Congress can have an office of his own depending on the size of his constituency. Senators and congressmen hire young, educated and dynamic aides and secretaries and set up their own staffs. In view of the fact that a senator or a congressman can keep in better touch with the problems of his constituents with the help of his staff and that he can vote and talk more knowledgably and sensibly on bills and policies presented to him thanks to the advice of his aides, the Congress pays for all such expenses--within certain limits, naturally. The Congress also pays for all the expenses of a senator or a congressman and his aides whenever he is traveling in lieu of his committee's work. Senators and congressmen pay nothing for their communications and, in addition, draw salaries of \$7,000 to \$12,000 a month. European parliamentarians also receive substantial support from their governments, though not to the extent that their American counterparts do since European governments are not as rich as the U.S. government. They are provided with facilities and resources for attending international conferences as well as for their work at home. Now let us look at the condition of our parliamentarians.

A Turkish parliamentarian is paid a net salary of 143,000 Turkish liras a month, including travel allowances. In addition, he gets a 60-percent discount on the installation of a phone at his home. He gets no discounts on the use of his phone at the Assembly; only calls within Ankara are free of charge. He gets a discount of 50 percent on air fares (like journalists). When travelling by train he pays the full fare for wagon-lits, but is exempted from the 600-lira fare for his seat. When he has to travel overseas, he can get the green passport--the only advantage of which is that he does not need a visa--but he is still subject to the \$50 Housing Fund tax. If he becomes a cabinet minister, he gets a raise of 1,000 Turkish liras a month.

In other words, the situation is not just comical, it is pathetic.

Meanwhile, the expenses of the same parliamentarian multiply as a result of his election to the Assembly.

Today, 385 of the 399 assembly deputies come from outside Ankara and, consequently, have to rent homes at 75,000 to 100,000 Turkish liras a month. They are expected to give at least one dinner a month to visiting delegations from their electoral districts. They have to dress more formally and more correctly--in other words more expensively. They must keep in constant touch with their constituency and districts over the phone, and they must visit their home districts at least once every two months. If a parliamentarian is sent abroad on assignment his situation gets worse, because the Assembly pays him only \$35 a day in travel allowance. A medium-priced hotel room overseas costs \$40 a day.

In other words, [a Turkish parliamentarian on assignment overseas] has to perform his duties while staying at a cheap hotel and without eating anything or by getting himself invited to dinners and lunches. If he cannot bear with all these and decides to seek a loan, Ziraat Bankasi [Agricultural Bank] is at his service. However, he can borrow only up to 1 million Turkish liras at over 60 percent interest and on condition that he pay back the loan in full in one year.

These being the conditions, let us ask ourselves: How can a parliamentarian whose salary cannot pay for his monthly bills represent his constituents properly?

Are we not the reason the parliamentarians we send overseas on assignment have to wait for dinner invitations from Turkish missions abroad to feed themselves and to risk embarrassing situations by going to American PX stores in order to buy a few items for less?

More importantly, are we not thus paving the way for the entry into the Assembly of only the rich and those who plan to get rich by using their influence in the Assembly?

Turkey's conditions cannot be compared with those of the United States or even Europe. No one can ask for comparable facilities, but the existing situation today is not very healthy for our budding democracy.

The Turkish state can obviously provide the parliamentarians who represent its people with better facilities and pay them better salaries. If we do not make these changes now, ten years later we will again start complaining that our parliament is losing its credibility.

Would that not be a pity?

9588

CSO: 3554/212

BUNDESWEHR INTEGRITY RELATIVELY UNAFFECTED BY MISSILE DEBATE

Hamburg DIE ZEIT in German 23 Mar 84 p 5

[Article by: Hans Schueler: "The Army Ought Not to Be Silent--But How Is it Going to Handle the Missile Debate?"]

[Text] The annual reports by the special commissioners for defense matters to the Lower House concerning the protection of the basic rights of military personnel and the preservation of the basic principles of character guidance rarely produce any noteworthy echo in Parliament and also hardly ever produce any special interest. This is no wonder because, again and again, Karl Wilhelm Berkhan--like his predecessors in the office of the ombudsman--testified to the effect that the Federal Armed Forces are completely normal. Exceptions, such as serious command errors by superiors or even abuse of subordinates, only confirm the rule that such things happen rarely. The army is not a state within a state either; except for maneuvers outside the barracks, it is just about not to be seen; after duty hours, all citizens in uniform become civilians.

The year 1983, which is covered in the latest report, no longer readily allows this kind of nonchalant evaluation at least for the last third of its course. For the first time in their young history, the Federal Armed Forces were directly confronted by mass demonstrations of citizens directly at their posts and bases. The demonstrators turned up above all at units whose destination, in case of war, would involve the employment of atomic weapons, that is, the army's "Lance" battalions and the air force's "Pershing I" wings. For this reason alone the Federal Armed Forces could not possibly avoid becoming drawn into the autumn debate about the installation of atomic medium-range weapons, although these new weapons--Pershing II and cruise missiles--are earmarked only for the American units stationed in Europe.

In the way in which the Armed Forces, so to speak, on the spot passed the test of the arms debate, Karl Wilhelm Berkhan detects an example of the integration of the Armed Forces into society. But his report does not make it quite clear as to why this is so. He obviously sees the main reason in the mostly peaceful course of the demonstrations and in the fact that "The majority of the persons committed to the peace movement and the majority of the citizens sympathizing with them did not participate in actions that were directed against our armed forces" (although the entries to German barracks were blocked and military equipment was damaged in some cases).

The special commissioner for defense affairs maintains that he did not hear of any cases where soldiers joined ranks with demonstrators during demonstrations in front of barracks gates. In general, the mass of military personnel did not prove to be particularly touched by the arms debate. "Among the interested soldiers there were advocates and opponents of rearmament. Some confess that they actively cooperated in the peace movement. They did not consider this to be in conflict with their duty performance." But the test in the Armed Forces did not come off in a completely smooth manner.

Berkhan does not reveal what he himself thinks about the compatibility of military service and activities in the peace movement. But he provides some striking examples as to how superiors explained to their subordinates what one ought to think about this. For example, a staff officer berated the opponents of rearmament as "mealy mouthed"; the rather simple judgment "communist" appeared to be rather widespread; and there were also unmistakable demands made by superiors to the effect that military personnel should resign from political parties whose opinion does not coincide with that of the parliamentary majority which adopted the rearmament program. The rather simple-minded saying about the Armed Forces as "the biggest peace movement in our state"--at times also propagated by Chancellor Helmut Kohl--turned up in the letter written by a commander to all reservists in his unit: As if an army, which is a government institution, could consider itself to be a "movement" and as if it could call itself pacifist, although it is intended to defend the state by force of arms.

The special commissioner for defense matters appealed to the conscience of military superiors: "You must clearly realize that the young basic trainees are a representative cross-section of our young people, large parts of whom sympathize with the peace movement. Superiors who fail to realize this situation will alienate themselves from that segment of their subordinates."

But how should the Armed Forces and its top command handle the certainly small group of active-duty officers, in other words, superiors, who have openly spoken out against rearmament and who continue to do so? The decree, with which Defense Minister Manfred Woerner forbade Armed Forces officers to participate in a panel discussion with signers of the "Heilbronn Declaration" at the Loccum Evangelical Academy, was no longer included in the period covered by the special commissioner's report. The discussion took place nevertheless--with somewhat different participants--at the end of February in Bonn: Between Heinrich Boell, Guenter Grass, Alfred Mechtersheimer, and a few captains from DARMSTADT SIGNAL, who, in their capacity as officers, had publicly come out against rearmament but who did not want to have anything to do with the blanket appeal of the "Heilbronn" bunch concerning refusal to render military service.

One of the participating officers had earlier been punished with a "severe reprimand" because of active membership in the peace movement and it is to be expected that the personnel management agencies will first of all continue to try to silence the peace movement among active-duty armed forces personnel by disciplinary means. But we already have our first punitive transfer.

This is difficult to reconcile with the appeal to the officer's civic courage which Manfred Woerner emphatically expressed at the Army Officer Candidate School in Hanover: Civil courage, he maintained, is "the attitude which is derived from independent thinking, lifetime experience, and individual values and which is advocated also if it is not shared by others." And: "We do not want any 'aparatchiks' who always know how to fit in smoothly and who are only concerned with their careers. There is hardly anything worse than 'eager obedience' which no longer tells the superior what knowledge and conscience demand but only that which the superior presumably wants to hear."

Woerner's comments cover and legitimize the contradiction among officers also on so grave an issue as Europe's atomic rearmament with modern medium-range weapons. They completely correspond to the Constitution which does not at all say that freedom of opinion should stop in front of the barracks gates. It may be difficult to visualize how the Federal Armed Forces would look if all of their officers were opponents of rearmament--and this would be just as difficult as the idea that every draftee would from now on refuse to serve. But basic rights must not be withheld from the beginning out of fear of their massive use (or misuse).

It is undoubtedly one of the most important tasks of Special Commissioner for Defense Matters Berkhan to continue to watch over freedom of opinion in the Armed Forces also where its use is most uncomfortable. He will thus be serving the army itself. This is the only way it can preserve its integrity as an installation for the defense of freedom.

5058

CSO: 3620/279

ARMED FORCES CAREER ENJOYING NEW POPULARITY, RESPECT

Stockholm DAGENS NYHETER in Swedish 21 Apr 84 p 21

[Article by Kurt Malarstedt]

[Text] The Swedish Armed Forces are riding a favorable wave. Their officers can straighten their erect backs a little further. The Swedish officer hears few taunts today. His status in society is higher than it has been for a long time. On the job, the emphasis is still on style, rules, and order. But he can also try out a new style of leadership that consists of delegating responsibility and decisionmaking power. He can be one of the guys in the group.

In a sense, it is "easier" to be a military man in Sweden today than it was 10 or 15 years ago. Easier to be understood. Civilians, including conscripts, feel that he is needed and that the job is important. The threat to Sweden is real and it must be met.

In another sense, it is also "more difficult" to be an officer now. The demands are more complicated. The rigid and traditional military chain of command is no longer the same as it was. It is still possible, to be sure, to point to a clump of trees with one's open hand and shout: "On the double!" But now there are also such things as "group dynamics," "situational leadership," and a "feeling" for how the group will best function.

One lieutenant sums it up this way: "Let us say that at least it is more stimulating to be an officer today than it has been for a long time."

Behind it all is the new positive image of the Armed Forces, and that image rests on solid ground.

Since the spring of 1981 (a few months after the first serious indication of a submarine intrusion), the will to resist an aggressor and confidence in the Armed Forces as an institution have been at a "constantly high level" among both men and women in Sweden, according to public opinion polls conducted by the Psychological Defense Planning Committee.

In a summary of the latest poll (conducted last fall), it is also noted that "the positive attitude toward compulsory military service as an element in our defense preparations is still very widespread."

And only 11 percent of those polled felt that government spending on defense should be reduced. That is the lowest percentage since 1957, the year when opinions on the subject first began to be surveyed.

There are a few very clear and unequivocal reasons for the strong position of the Armed Forces among the Swedish people:

First, foreign submarines, which are making the threat to Sweden specific.

Second, a new realization that Northern Europe's strategic location gives the region high potential as an area of conflict in the event of a major crisis between the superpowers.

Third, international developments in general.

Fourth, tense situations, especially that in Poland at the beginning of the 1980's.

Some observers, both civilian and military, also adduce reasons related to more diffuse theories about general developments in society: a reaction against the "turn to the left" and the "confusion" of the late 1960's and early 1970's and a renewed faith in the authorities and established values.

"Never as Good as Now"

Hans Dahlberg, the new information officer for the Defense Staff and a civilian, notes that one can travel from unit to unit throughout the country and always hear the same thing: "We have never had conscripts as good as those we have now."

We talked about that with a few officers at I3 [Life Guards Regiment] in Orebro.

Lt Hakan Rudberg: "In the late 1960's it was tough. In school, young people were always taught to question things. But then they came to us, and we placed entirely different demands on them for discipline and obedience. There were clashes.

"But now things are different. Those joining up now want more decisiveness, rules, and discipline again."

Capt Ivar Gothberg, who has been stationed at I3 since 1942 and will retire in a few months, said:

"Going through one's recruit training is not just an obligation: it is also a right. That is what more and more conscripts are saying today."

Maj Alf Hager: "In a way, it was easier before, when we had more authority. There was guidance and an established policy. But now we have started learning this business about leadership. The conscripts today insist on more purpose and effectiveness."

The more positive attitude of conscripts toward the military is also seen in the number of applications for the 200 positions as officer trainees that the army currently has open. Between 1,500 and 2,000 people usually apply.

Lt Col Ulf Gabrielsson of the Army Staff's Personnel Section, where he is in charge of career information, says: "The same thing is true when it comes to training reserve officers.

"We accept 500 per year. In the 1970's, it was often difficult to find that many. Now we have no trouble at all in filling the quota."

Labor Market

The influx is due not only to the new popularity of the Armed Forces, but also partly to the generally tough situation on the labor market and to some extent (in the case of reserve officers) to improved conditions, greater flexibility in training, service credits that may be crucial to further studies in civilian life, and so on.

Col Einar Lyth, regimental commander at I3 in Orebro, spoke the other day about new trends in society making it possible to make "greater demands for effectiveness, but without going back to arrogance and bullying." He also mentioned "a tightening up as a natural thing."

It is possible that--like new Army Chief of Staff Erik Bengtsson's slogans about regulations, order, responsibility, and style--this could be regarded superficially as a kind of return to old military ideals concerning rules and tighter command.

But at the same time, a new view of leadership is developing rapidly within the army. Company commanders are being called to Karlberg for continuation courses and even advanced continuation courses on the subject.

Experiments with alternative ways of training conscripts are underway. Tasks are being delegated to a considerably greater extent than before. Regimental commanders currently make decisions on matters that once had to cross the army chief of staff's desk. Company commanders are taking responsibility for decisions that once could be made only by regimental commanders, and so on.

Management by Objectives

Use is being made of management by objectives--that is, training objectives are established, but no instructions are issued for carrying out the training. Company commanders and platoon leaders themselves have great freedom in organizing training, and that in turn places a greater share of responsibility on section leaders and other conscripts.

All of this is helping to create a new image of the Armed Forces.

There is another feature as well: a deliberate effort to present the army in civilian surroundings and in a totally different way than before.

For some time now, anyone discussing peace issues with army spokesmen has quickly been confronted with the fine phrase: "The army is Sweden's biggest peace movement."

That can be shortened to "the army for peace," which is one of the slogans being used by the army's information section in its "outward-directed defense education" during 1984. "Our new army" is the other slogan.

The presentation is being made at the moment with traveling exhibits, the army band platoon, the army "Lions," sky divers, and the army's "Mobster" [mobile stereo unit] in connection with major events of various kinds in Sweden this spring.

"The Lions"

"The Lions" are motorcyclists, and the "Mobster" is a mobile stereo unit. They have appeared at such events as the Vasa Run, "Karlstad 400 Years," and so on. Sometimes the army also provides communication services and makes its transportation vehicles available.

For the first time, the army this year has also produced purely promotional films. Two films were shown during the first 3 months of this year and were seen by a total of 1 million people.

The message in the first film--a series of lyrical pictures of Sweden from the air--is that the army is needed for peace and freedom.

The message in the second film--which shows how two girls put two young officers who are experts in Morse code in their place--is that there are jobs for girls in the army, too.

"The films have attracted a great deal of attention," says Margaretha Drotte of the Armed Forces Center for Educational Materials [FLC], which produced them.

She also says that schoolchildren are now contacting the FLC in connection with group projects on peace. "The message has started to get through."

The same desire to introduce the army to civilians exists in the Defense Staff's information section.

Providing Explanations

"When I took over as head of this section 5 years ago, the OB [supreme commander of the Armed Forces] said he would like for us to be a little more active on the 'leading edge' instead of merely answering questions from the press when something happened," says the recently retired information chief, Lt Col Jan-Ake Berg.

"So we started traveling around to schools and visiting clubs, political associations, Rotary Clubs, and all the rest, explaining defense policy as an element in security policy and all that."

Berg believes that the public has always been interested in defense issues and that the submarines have now intensified and channeled that interest.

To some extent, he is backed up by former Army Chief of Staff Nils Skold:

"It is true that it is easier to be in the military today. But the big change came with military preparedness during the war. It was then that relations between the troops and their officers improved. And it was then that the idea for the People and Defense organization developed.

"Since then, military officers and NCO's have really been seen as a natural part of society, even though there have been ups and downs."

When things were at their lowest point--during the years around 1970--many officers actually avoided wearing their uniforms in civilian surroundings.

Especially in the big cities, a man in uniform was often harassed.

Lieutenant Rudberg of I3 says:

"Yes, I always wore civilian clothes to work and then changed into my uniform when I got there. Traveling in uniform was out of the question for a few years."

Major Jager says that for his part, he preferred the relatively minor annoyance of being harassed to taking the trouble to change clothes at work.

"I was too lazy."

Today Lieutenant Rudberg also wears his uniform on his way to work.

11798

CSO: 3650/178

TURKEY TO FINALIZE CHOICE OF CARGO TRANSPORT

Istanbul DUNYA in Turkish 24 Apr 84 p 1

[Report by Handan Gorgunay]

[Excerpt] The future course of the Turkish cargo aircraft industry will be determined by the end of this month. It has been learned that talks are continuing with the Canadian, Spanish and Italian firms which were invited by the Ministry of National Defense to submit bids on the joint production of 52 cargo aircraft to be delivered to the Turkish Armed Forces. The selection to be made is also important from a perspective of determining the type of aircraft Turkey will use for civilian transportation in the future.

Work on Firm Selection

Now that Turkey has chosen its warplane models, work is under way to select the foreign firm which will participate in the effort to meet the country's need for cargo aircraft. Aeritalia of Italy, De Havilland Aircraft of Canada and Casa of Spain were invited by the Ministry of National Defense to submit bids on a contract to meet the cargo aircraft needs of primarily the Turkish Air Force. In the coming days a selection will be made among the G-222 manufactured by Aeritalia, the Buffalo manufactured by De Havilland and the CN-235 jointly manufactured by Casa and Nurtanio, an Indonesian firm. The firm to be selected will manufacture 52 cargo transport planes in Turkey on a joint partnership basis.

The selection to be made in connection with meeting the needs of the Turkish Air Force, is also important from a viewpoint of determining the aircraft model Turkey will use in the future for all its cargo airlift needs, including civilian cargo transportation. The firm which will jointly produce the aircraft for the Turkish Air Force will also be offered partnership in the production of civilian aircraft.

Who Offered What?

The Canadian, Italian and Spanish firms bidding on the cargo transport contract made various offers in the way of sharing technology and establishing joint production. It was learned that the Canadian firm offered to move its installations in Canada and its entire product line to Turkey. The firm reportedly proposed that it handle the marketing of its products.

All three firms have offered to manufacture their other aircraft models jointly and to give airplanes to the Turkish Airlines if they are selected.

It is also reported that the Italians have offered to buy goods from Turkey as part of the payment the debt Turkey will incur as a result of this project. The Spanish firm has reportedly offered to fill all labor needs for the project from Turkey.

9588

CSO: 3554/211

ECONOMIC, SOCIAL IMPACT OF DEMOGRAPHIC CHANGE PROJECTED

Duesseldorf HANDELSBLATT in German 19, 20, 21, 26 Mar 84

[Serialized article by Prof Bruno Tietz, director of Institute for Commerce at the University of the Saarland: "Demographic Change: A Scenario for the FRG Through 2030"]

[19 Mar 84 p 15]

[Text] The government-appointed "Demographics Research Team" headed by the minister of the interior has just published its second partial report. This report on population trends in the FRG until 2030 deals with some of the consequences of the marked decline in population—on the family and young people; on economic trends and the labor market; on programs for the aged, health and education; on the environment, on agriculture and regional planning; on administration and government spending.

The report is likely to attract a great deal of attention and give rise to a number of followup studies, particularly since changes other than those connected with demographic trends are not dealt with as thoroughly as one might wish.

Many of the hypotheses and projections contained in the following analysis go beyond the report itself, providing additional elements to the scenario without being as exhaustive as they might be due to the limitations imposed by this format.

Even if the birth rate were to change, there is not likely to be any major change in the population estimates proposed here due to the increase of those unable to procreate. Present steps being taken to increase the birth rate are not likely to have anything like a significant impact over the long term.

The effects of the decline in population will not assume serious proportions until about 2000.

A. Basic Data and Projections

I. The German Population

Given no change in life span and no change in the low birth rate, the report comes up with the following statistics on the decline of the German population:

1980:	57.08 million
2000:	52.14 million
2030:	38.28 million

II. The Foreign Population

The report also concludes that the number of foreigners will increase from 4.53 million in 1981 to 7 million in 2000—half of the increase being made up of an excess of births and the other half of immigrants. After that date, the foreign population is not expected to increase further.

The reasons for the relatively slight rise in the foreign population are the following:

1. the hiring freeze on foreigners from non-EC countries instituted in November 1973;
2. the 2 December 1981 ban on children over 16 joining their non-EC parents working in the FRG;
3. the law on granting asylum dated 16 July 1982;
4. the steps based on the principles of the policy toward foreigners which are to be followed in revising the foreign nationals law with a view toward integration on the one hand but also toward rigorous limitations on the other.

III. The Population as a Whole

The statistics for the population as a whole cited in the report are as follows:

1983 (1 Jan):	61.55 million
2000:	59.15 million
2030:	45.74 million

For each 100 persons between the ages of 20 to below 60, there were 50 persons below 20 in 1980. The corresponding number in 2035 will be 35. For those 60 or older, the figures are: 36 in 1980 and 67 in 2030. The total for both groups comes to 86 in 1980 and 102 in 2030.

In other words, the burden of old people on those of potential working age (between 20 and under 60) is expected to just about double between 1982 and 2030!

IV. Private Households

The projections on the number of private households are as follows:

Jahr (1)	(2) Angaben in Mill.		(4)
	Deutsche Haushalte (3)	Ausländer- Haushalte	
1981	23.46	1.64	
1985	23.29	1.74	
1990	23.14	1.96	
2000	21.86	2.71	

Key:

1. Year
2. Numbers in millions
3. German households
4. Foreign households

V. Employment

There were 1.784 million foreign nationals employed in Germany in March 1982 (1983). 248,000 (and 313,000 respectively) were unemployed. The foreign national unemployment rate of 11.9 (15.2) percent for 1982 and 1983 respectively was disproportionately higher than the German unemployment rate of 7.5 percent.

Between 1983 and 1990, jobs will have to be found for 900,000 foreign nationals and 650,000 Germans. Between 1982 and 2000, the total number of employable persons (between the ages of 20 and 60) is expected to remain fairly constant at some 33 million.

The estimates for 2030 are that this number will decline to about 22 million or about two-thirds of the present figure.

B. International Population Trends

Worldwide, population is growing apace. According to UN estimates, the world population will almost double from some 4.43 billion people in 1980 to 8.20 billion in 2020.

The population of the industrialized nations is expected to grow from 1.13 billion to 1.38 billion; but that of the developing countries will increase from 3.30 to 6.82 billion.

In the years to come, the accent is likely to shift to greater demands on the industrial nations as regards their output destined for the Third World and the use to which the development capacities of these countries are put.

C. Additional Major Factors

I. Value Dynamics

Changes in human values and attitudes as reflected in the scenario as well as the economic conditions arising from these are difficult to assess. We are thinking, for example, of further effects of insecurity and the great fear of an ecological crisis.

Particularly among young people who are being funneled through a fragmented education system the dialogue between man and nature has become, by virtue of the ecological problems, a real factor in building a community; it might even signal the beginning of a new type of common sense approach to things.

Following upon the hippie wave of the fifties and the anti-authoritarian education wave of the sixties, there emerged a phase of opposition in the seventies characterized by an acceptance of the concept of manifest contradiction. This is also when the work and performance ethic began to break down—to the accompaniment of collective disobedience.

The emergent New Age movement—which combines natural science and mythology (as in the books of Fritjof Capra)—may be instrumental in providing the basis for a shift in paradigms. Over the next several decades, the pendulum will probably swing in the direction of spirituality. Gerd Gerken was right in referring to the present destruction of values as a kind of silent cultural revolution. This voyage to the inside is also beginning to have an impact on consumer society in the sense that goods are losing their former function and their value of giving meaning to life.

Polarization of Life Styles

The costs of child education are rising and placing a burden on those married couples where only one of the partners is working. As a result, disposable income declines.

"Because of the population trends, standards will change by which families with children gauge their own economic situation, if most of these families are surrounded by married couples without children or at most one child. Experience has shown that the living standard of these latter groups—and not the economic situation of comparable families in the past—will have a decisive impact on the subjective assessment of one's own quality of life." [Research Team report, p 21]

There is a danger that these families will voluntarily forgo having children and that this trend will in fact increase at a faster rate than the demographic projections tend to assume.

Polarization Between to Be and to Have

According to some estimates, the concept of voluntary simplicity will initially take hold among about 50 percent of the population of the industrial nations within the space of one generation. This will have a fundamental impact on economic growth and economic organization.

To some extent, there will be a renunciation of current property patterns. Combined with the decline in population, these trends in values have a dampening effect on productivity figures and thus also on the size of the GNP.

Value Dynamics in Business World

The generation involved in reconstruction has passed from the scene or is just about to. The in-between generation has different ideas about growth and development goals in business. There are some who operate medium-sized businesses who do not wish to grow; who want no more employees; who are happy with things the way they are. Then there are firms that want to leave the marketplace because the successor generation is not interested in taking over the business. And finally, there are those who wish to expand more and more. All these trends are furthering the process of concentration.

45 to 60 year-old businessmen and managers today are finding it difficult somehow to say whether they are leading the right kind of life. How to deal with the job/family and the job/leisure dichotomy turns out to be a very hard problem to solve.

Polarization of Values Between Work and Leisure

We need not be surprised about the fact that young people today do not have a stable structure of values. For another thing, they are also unable to deal with value schizophrenia any longer.

At the workplace, young people are supposed to be industrious, active and painfully economical; but as soon as they have taken off their white collar or their blue overalls at 4 pm, they are supposed to turn into consumers and never to worry about the price of the goods they buy. Young people are no longer willing to go along with that. There is a social rift between the workplace and the marketplace and there are great dangers in their drifting even further apart. Young people are probably unable to imagine how quickly the standard of well-being can decline as a result of laziness and stupidity.

In Japan, for that matter, laziness is called "the German sickness."

FRG Population Trends 1980-2030 by Age Groups

(1)	Wohnbevölkerung	1980	1990	2000	2010	2020	2030
		(2) — Angaben in Mill. —					
(3)	unter 20 Jahre	18,5	12,8	12,4	10,5	8,8	7,9
(4)	20 bis unter 60 Jahre	33,1	35,8	33,6	31,8	28,4	22,7
(5)	60 Jahre und älter	11,8	12,2	13,1	13,4	13,8	15,2
(6)	Insgesamt	61,3	60,8	59,1	55,5	51,0	45,7
		— 1980 = 100 —					
	unter 20 Jahre	100	78	75	64	53	48
	20 bis unter 60 Jahre	100	108	102	95	86	69
	60 Jahre und älter	100	103	111	114	117	129
	Insgesamt	100	99	98	91	83	75
		(7) — in % der 20- bis unter 60jährigen					
	unter 20 Jahre	50	38	37	33	31	35
	60 Jahre und älter	38	34	39	42	49	67
(8)	Summe	88	70	78	75	80	102
(9)	Quelle: Arbeitsgruppe Bevölkerungsfragen: Bericht über die Bevölkerungsentwicklung in der Bundesrepublik Deutschland, Zweiter Teil: Auswirkungen auf die verschiedenen Bereiche von Staat und Gesellschaft, o. O., o. J., S. 102.						

Key:

1. Resident population
2. Figures in millions
3. Under age 20
4. Age 20 to below age 60
5. Age 60 and older
6. Total
7. In percent of 20 to below 60 year-olds
8. Sum total
9. Source: Demographics Research Team Report on FRG Population Trends, Part II: Impact on Various Sectors of Government and Society [no publishing data], p 102

World Population Statistical Model: 1980-2025¹

Gegenstand (1)	1980	1990	2000	2025
— Angaben in Mrd. —				
Weltbevölkerung (2)	4,432	5,242	6,119	6,195
Entwickelte Länder: (2)(3)	1,131	1,206	1,272	1,377
darunter: Europa (4)	0,484	0,499	0,512	0,522
(5) darunter: Bundesrepublik Deutschland ²⁾	0,061	0,061	0,059	0,048
Entwicklungsländer (6)	3,301	4,036	4,847	6,818

(7) ¹⁾ UN, Population Studies, No. 78, World Population Prospects as Assessed in 1980, New York 1981.

²⁾ Ergebnis der Modellrechnung I C (8)

Quelle: Arbeitsgruppe Bevölkerungsfragen: Bericht über die Bevölkerungsentwicklung in der Bundesrepublik Deutschland, Zweiter Teil: Auswirkungen auf die verschiedenen Bereiche von Staat und Gesellschaft, o. O., o. J., S. 191 (9)

Key:

1. Subject heading
2. World population
3. Developed countries
4. Europe subtotal
5. FRG subtotal
6. Developing countries
7. UN, "Population Studies, No 78: World Population Aspects as Assessed in 1980, New York, 1981
8. Result of statistical model I C
9. Source: Demographics Research Team Report on FRG Population Trends, Part II: Impact on Various Sectors of Government and Society [no publishing data], p 191

[20 Mar 84 p 16]

[Text] Between 1980 and 2000, the proportion of foreign workers will increase from 8 to 14 percent of the total work force.

The shortage of jobs is expected to continue beyond the eighties. Supply and demand in the job sector will still be unbalanced far into the nineties.

II. Employment

Jobs

The report does not go into an analysis, however, of the impact of shorter weekly working hours or, for that matter, shorter working lives.

Supplementary Considerations

It is becoming increasingly difficult to agree on a definition of what constitutes work and leisure. The concept of leisure time work is a good indication of this.

A great many assets are produced during leisure time. In the FRG alone, some 40,000 apartments, representing about 12 percent of total construction, are built in this fashion at this time.

How is one to define learning during leisure hours ? As work ? Or as something else ?

And what about members of management who have a home computer paid for by their employer—who learn to operate it along with their children so as to create the conditions necessary to understand and analyze internal communications ? And what about the many forms of neighborhood assistance ?

Are these part of work, of leisure or of something else entirely ?

Youth Unemployment

In my view, one cannot and should not speak about the future without making reference to the problem of youth unemployment.

At present, some 600,000 people under the age of 25 in the FRG and 4.8 million in that age group throughout the EC are unemployed. There is a time bomb ticking away here the explosive power of which in another 10 years is scarcely imaginable today.

Those who have never held a job or have held one for only a short period require 2 to 3 years of assistance to be integrated into the labor force once they have been without work for 3 years.

Youthful unemployment results in a polarization between those members of the younger generation who have work and those who do not. The consequence of this situation, though difficult to assess, will be a decline in the willingness to work on the part of those who do have a job.

Is it our intention to have 500,000 social workers backing up one million unemployed youths by the end of the eighties ? Can the possibility be ruled out that millions of young people who are out of work might assemble in Rome, for instance, and start marching north ? Integrating young people into the labor force continues to be a primary condition for the onward development of our society.

We have lost the feeling for that freedom which is still possible. If we do not succeed in bringing our young people into our system; in honoring their values; in not injuring them once again as young adults as they were in part injured in school; if we do not succeed in helping them communicate and showing them the way out of the isolation of their schooldays, then we will be faced with major problems in the nineties.

Jobs and Women

Another factor is the altered position and value structure of women. In 1983, 46 percent of all women were high school graduates and about 38 percent of them were students at institutions of higher learning. The sexual revolution initiated by contraceptives is nowhere near as significant from an economic and societal point of view as the social revolution which will be upon us in earnest in the very near future. Since women are increasingly looking for jobs, female unemployment is also rising.

Women want to work; they want to attain fulfillment on the job and yet people are amazed about this as though the trends in education had not made this a foregone conclusion. And—the shorter the working hours get, the better are the chances for women to find work. Women are much more suited for job sharing and other modern types of work than men.

For another thing, we are entering a new era where a good woman worker can and does displace a mediocre man on the job.

Problems of Vitality

One pivotal problem we face—which is in part tied to our educational system—is how to assess the intelligence and thus the qualifications of a job seeker and how to assess—on the basis of the degenerative process—the stamina of the employee and thus the actual quantity of available labor. It is becoming increasingly clear, for example, that the capacity to do high-grade work is limited to just a few hours per day among young people. If one starts work in the morning, one is already "burned out" by noon. We will have to learn to develop entirely new standards for the

assessment of employee potentials. This will have a major impact on the creation of humane work schedules which do away with existing thinking habits.

III. Technical Progress

Despite the fact that full employment may be possible after the turn of the millenium in conjunction with technical progress, the number of available working hours will decline to less than two-thirds of what it is today. The quality of each working hour will increase very little.

Unfortunately, the report does not deal with technical progress systematically enough. As a result, any extrapolations of economic quanta must largely remain open and vague.

IV. The Environment

What the future holds in store for us:

1. the media revolution and along with it a fundamental change in the ways work is performed;
2. bio engineering and genetic engineering and along with these far-reaching consequences for production and energy supply (biomasses);
3. the absolute need for continued large expenditures for ecological programs—which cost more than DM 200 billion between 1970 and 1980 already.

At this time, the FRG's participation in technical progress is not what it should be.

As population declines, ecological balance improves only to a very limited extent.

"Assuming equal per capita economic growth, supplying the projected population of 45.7 million in 2030 will result in less environmental damage than satisfying the needs of a population of 61.6 million today. But the decline in population alone will not result in less environmental damage in absolute terms. Environmental damage caused by human beings is a function in the first instance of economic development as well as of the steps taken to reduce toxic damage and only in the last instance of an increase or decline in population." [Research Team report, p 160]

Reliable conclusions can only be reached, if one can arrive at figures on future industrial and economic patterns as well as on transportation in 2030.

Environmental protection costs which already amounted to about DM 200 billion for the period between 1970 and 1980 will rise sharply—until after the turn of the millenium at the least.

In other words, we will have to "pay dearly" for a healthy environment—which was ours for the asking in former times. This will have a dampening effect on the disposable income of consumers.

V. The Dynamics of the Exchange of Goods

Over the past several years, the FRG's terms of trade have suffered an overall decline—which is synonymous with a decline in relative foreign trade capability. Future foreign trade activity in the face of a sharply reduced population can only be assessed on the basis of an analysis of future production capability of industry, commerce and the goods and services sector. One would therefore have to know what changes in worldwide supply and demand are likely to occur:

1. What changes are to be expected among the established industrial nations of the West ?
2. What relationships are developing between the Western industrial nations and the newly industrialized nations such as Malaysia, South Korea and some of the South American countries ?
3. What positions will be attained by the weakly industrialized nations of Africa and of the South Asian subcontinent ?

It can at least not be ruled out that the FRG will face a sharp decline in its productive capability—for the simple reason that a small number of people, combined with a strong degenerative trend, will make for an at least proportionally, if not excessively, regressive labor potential. And a decline in the willingness to work would reduce the utility of that labor potential even further!

Foreign trade capability can be subdivided into several phases:

1. During the first stage, conditions should arise such as arise today in economic transit or transaction countries such as Holland and Belgium—whose industries have markedly declined in importance in relative terms;
2. Then, the transaction capability would also decline—which in turn would accelerate the economic decline;

3. During the final stage, there would be a recognition of the need to accept limits, to specialize in a few areas of production and commerce so as to prevent an even sharper economic decline.

The Know-How Problem

As a result of the extreme internationalization of the FRG's economic life a change in know-how structures has occurred. Lack of demand and a lack of training facilities have caused the FRG to disregard or even forfeit a great many skills. This is also the reason for the inability in some instances to develop innovative procedures in the creation of new production processes. If one loses the craftsmanship to produce complex textiles such as fabrics with metal threads, one will also no longer possess the skills needed to build textile machinery.

This is the reason why the FRG is losing its leads in technology. As demand changes, certain technological leads such as in machine building or surgical equipment become irrelevant.

It is only economic diversity which leads to a high degree of flexibility and a capability to adjust—in the manner of a multi-purpose piece of machinery. International division of labor calls for few single-purpose machines—which in some instances one is even unable to repair oneself, resulting in a situation where one puts the entire international division of labor system into question.

Robotics

It is hard to tell exactly what the impact of robotics on the nature of work will be.

The manufacture of robots is likely to become a very important branch of industry.

[21 Mar 84 p 22]

[Text] As the number of employables declines by more than one-third between 2000 and 2030 we may expect to be confronted with major economic difficulties. By comparison, conditions up to 2000 seem relatively favorable.

VI. Economic Growth

"In summing up, we may say that up to 2000 we can look for substantial growth potential both on the supply side, i.e. in terms of labor supply and output trends, and on the demand side. But to realize this potential will involve major risks—some of which are:

- a) the instability of the world economy and the international political situation, including the threat of new and explosive increases in the cost of raw materials; of a renaissance of protectionism; of armed conflict, etc.;
- b) the need to adjust to rises in the cost of resources which once were freely or cheaply available (such as the environment and energy) and to progressive international division of labor;
- c) the fiscal limitations of government budgets;
- d) a possible threat to social consensus among business and labor." [Research Team report, p 60]

The need is for the economy to shift its emphasis as soon as possible to the ecology. But since awareness of this problem is a slow process conditioned by the generation gap, we should not expect ecology to play a preeminent role in the economy until around 2000.

The Parallel Economy

Another problem we must deal with is that of the double economy. At first, we were in the habit of referring to it as moonlighting; then we called it the grey market and still later, it was called the shadow economy. And now it goes by the name of parallel economy. All these designations are an expression of value dynamics. They raise additional questions in the area of social policy to which we will have to devote far greater care in the years to come, if we do not want to run the risk of strong coercive measures being introduced. The methods presently under discussion to combat illegal labor are directed against the mainstream of public opinion.

The parallel economy cannot be coped with by having the democratic state turn into a kind of super-snooper state.

"The parallel economy makes up for 13 to 17 percent of the GNP. These are dimensions which exceed the critical limit. Italy was the first country to include the underground economy in the GNP because none of the basic statistics would otherwise have added up. The parallel economy in Italy already makes up for 25 percent of GNP." [Research Team report, p 46f]

The Inheritance Factor

The inheritance factor determines the level of economic well-being of every citizen—immigrant or native-born—on the basis of existing public and private property assets.

The individual citizen may avail himself of this status without himself having to make a contribution to these advantages. The private inheritance process also results in an additional and direct state of individual economic well-being.

The younger generation is handed the entire infrastructure we see around us—including schools, hospitals and the administrative apparatus—in a way which is without parallel in history.

Young people would probably be hard put to visualize how quickly this level of economic well-being could deteriorate as a result of laziness and stupidity. We are subject to the consequences of prosperity which up to now have hardly been analyzed. Without itself having put in any work, the inheritor generation starts out at a very high level of economic well-being—quite often while still under the age of 30.

The shift of the focus of life from work to leisure as well as the shift of the focus of income from work income to property income have had a profound impact.

But one needs to understand that property income will only "work," if enough work income is earned—in other words that income from property will only have a lasting value, if mass income is high.

Polarization Between Owners and Non-Owners

The inheritance-based, multi-class society is comprised of:

1. heirs who can live on their inheritance and/or are fully provided for by capital income;
2. heirs whose livelihood is to a large extent provided for by their inheritance;
3. heirs half of whose livelihood is provided for by their inheritance;
4. heirs only a very small portion of whose livelihood is provided for by their inheritance;
5. non-heirs.

Given this type of society, we may expect to see a significant potential for social tensions and conflicts developing within the space of one generation.

We may expect to see a struggle between those who are "independent" as a result of never having worked and not working now and those who are "dependent" because they are forced to do work.

It is not only for this reason that the rules of ownership need to be revised.

Ideological Pluralism

Ideological pluralism poses a problem for economic policy. What is one to make of the fact that the FRG pursues a moderately monetarist policy while France continues to steer an orthodox Keynesian course ?

New Types of Economic Organization

In organizing our economy for the future, we must ask ourselves what levels of efficiency we are trying to attain. Electric power plants, steel mills, chemical plants, retail businesses and banks all are the result of organic organizational growth. There are enormous risks involved in too quickly altering organizational structures in many fields at once. It is not all that easy to grow all our own vegetables and to generate all the power we need from windmills. Thus, the maintenance of a certain level of supply calls for certain market processing and management mechanisms. Proposals for social systems providing lesser levels of economic efficiency are juxtaposed with the present state of economic efficiency.

VII. Private Consumption

If we continue to look for efficiency, we must point out that the proposals put forward by Capra and other authors would trim down our present economy to about half its size.

Either we aim for a stabilization of present supply levels or we decide in favor of an economic and social (?) step backward in the sense of accepting more modest levels. As a consequence of the decline in population, the macro-economic impact of this reversal would be further compounded.

Another major uncertainty factor is the attitude toward savings—in conjunction with a sharp drop in births and an old-age insurance system which does not function as promised.

Private consumption is a function of labor supply—which will decline to less than half between 1982 and 2030.

Still another factor to be considered is the proportion of social taxes to be paid out of earned income.

VIII. Demand Structure

The report's findings on demand structure present evidence of only a few tangible trends.

"Overall, the population trends will call for adjustments in the consumer goods industry which in many instances are already taking place today (e.g. in the production of baby and diet foods; toys for grownups; equipment and automobiles which are easier to operate; special goods for one-person or two-person households; expansion of the leisure industry, etc.). These adjustments will also become necessary because of energy cost trends, the international division of labor and unstable exchange rates. The partial loss of demand in some areas brought on by these adjustments should not be viewed as indicating a general trend toward less consumption. The projected population trends up to the year 2000 point to a sizable consumer potential; but whether this can be taken advantage of will depend to some extent on the flexibility, creativity and the willingness of businessmen to take risks and in particular on the degree to which the demographically available labor potential and, along with it, the available income is put to use." [Research Team report, p 45]

IX. Consequences for Economic Stages

Consequences for Industrial Structure

In view of the extremely high wage scales in the FRG, a great many businesses have relocated their production facilities in foreign countries over the past several years. As a consequence, the number of jobs domestically has suffered a sharp drop in some instances—as in the textile industry, for example. To some extent, domestic industry has also suffered severe losses because of tremendous foreign competition and the continued use of antiquated sales policies. This is particularly true of the photographic and watch industries. More and more, traditionally strong German branches of industry can maintain their position only with the help of "Japanese artificial respiration" such as the machine building industry or by entering into arrangements with firms in other European countries such as the electronic entertainment industry.

Both the capability and the readiness to innovate in future-oriented industries are underdeveloped—for instance in the aircraft and electronics industry.

It is assumed that passive multinationalization (i.e. the establishment of industrial enterprises in foreign countries by German business) will increase at a much faster pace than active multinationalization. This will result in a sizable capital export surplus which will weaken not only the industrial structure but the entire economy of the FRG to a great extent. Unless a diversified industrial policy is adopted, entire branches of industry are likely to disappear after the turn of the millenium. In the

textile industry, for instance, only high-efficiency plants capable of very fast and highly flexible output modes or other highly sophisticated operations are likely to survive.

Consequences for the Wholesale Trade

The greatly altered economic conditions after the year 2000 will result in a major reduction in the importance of domestic consumer goods trade. On the capital goods market only the **middlemen engaged** in selling on commission are likely to survive and as for trade in specialized products this will increasingly be taken over by the producers themselves.

As a consequence of increased internationalization the foreign trade activities of wholesale sector will grow in absolute terms at first and then after the year 2000 in relative terms at least.

Consequences for the Retail Trade

Trends in retail trade over the next several decades will be impacted both by the decline in population and the media revolution. By the mid-nineties, media costs for all types of businesses are expected to amount to some DM 20 billion at current prices or about 3.5 percent of gross retail sales. By 2015, that figure might climb to one-third of total consumer demand. Even assuming favorable economic development, this could lead to a sharp drop in retail store sales by the end of the millenium because of the projected population trends. Starting with the new millenium at the latest, this will also result in a drop in retail store size.

Retail trade in food, clothing and automobiles is likely to be hardest hit by the decline in population after the turn of the millenium.

Consequences for Banks

Despite the fact that there has been strong average economic growth over the past decades, it has taken only two decades for the capital resources of business to drop from 30 to 20 percent. By the year 2000, this figure is expected to go below 10 percent as a result of the projected economic trends and continued fierce competition worldwide. This problem of insufficient capital resources would be resolved to only a limited extent through the establishment of a new world monetary system. This situation poses entirely new problems in account management and controlling for the banks in their dealings with customers. The consulting mechanisms established by the banks in the seventies which have been relying on a number of foreign consulting oligopolies are likely to reach the limits of their effectiveness. The need to structure the internal cluster of activities performed by the banks as part of passive commerce is one of the primary challenges as well as a precondition for an evolutionary onward development of our social system.

In addition to these changes in passive commerce, changes are also expected in the attitude toward savings as births decline and family attitudes themselves undergo change. There will have to be new ways of motivating people to save—with the focus being on private households. The banking system will also be impacted by all the new online electronic fund transfer processes. This applies to both the branch networks and their economic viability and the concentration of banks and cooperation between them.

In view of the limited capital resources available to business, it is an entirely open question as to how the banking system is to cope with the expected shrinking process which will take place after the turn of the millenium.

[26 Mar 84 p 20]

[Text] The continuing intensification of popular uncertainty and the crisis of legitimacy—which are the primary components of the value dynamics—act as the main motivating factors for the increased demand for insurance benefits. But the decline of the population will also lead to a decline in volume around the turn of the millenium.

We may already expect to see new mixes of government social insurance and private old-age pension schemes in the foreseeable future. The polarization as between discount insurance systems and field service-intensive insurances is likely to grow at a rapid pace.

Other Types of Services

There is every reason to believe that the variety of services as well as the demand for individual services will continue to increase.

It should be noted, however, that a further shift to a more GNP-relevant service economy away from prior GNP-non-relevant activities (such as housework and taking care of customers and old people in apartments) is expected to take place.

On Concentration

Polarization in business size will continue to grow. The expectation is that the trend toward marked concentration will continue but that there will also be an increase in the number of new small businesses—particularly as part of tightly organized cooperative undertakings, such as franchise operations.

X. Consequences for Economic Controls

As the economy shrinks and price transparency both in the business sphere and vis-a-vis the consumer takes over completely (on the basis of pricing information available through the new media and retrievable on computer screens) competitive practices will change quite dramatically. Everything speaks for the likelihood that commodities will be assigned quasi-uniform

prices according to certain quality and service standards. At that stage, only those businesses will be able to carry on which can market their products on a uniform price basis—which is another way of saying that they have their costs under control.

XI. Old-Age Protection

This is what the report has to say on old-age protection: "It is only the available GNP at any given time which can effectively be distributed. If more old people and fewer jobholders, relatively speaking, are drawing on the GNP over the long term, then the distribution of real income among the population will change under any old-age insurance scheme and have a concomitant effect on real per capita consumption of individual groups of people." [Research Team report, p 73]

"Assuming a continuation of the 1977 birth rate and no change in the benefit structure (e.g. retirement age) as well as the individual and government contributions to the plan, the statistical model worked out by the research group of the social advisory council establishes the following set of figures:

If present gross pension benefit levels are to be retained, i.e. if the benefits are adjusted to gross wage trends without restrictions, then contributions would have to increase from the current 18.5 percent level to 35 percent by the year 2035.

If, on the other hand, current contribution levels were to be retained, then gross benefits would have to be cut in half as a result of the slow-down in pension growth. Today, after contributing to the plan for 40 years, benefits amount to some 44 percent of gross wages. In another 50 years, however, that same pension would be equal to only 25 percent of gross earnings." [Research Team report, p 76f]

XII. Public Health

Public health costs in the FRG are estimated at about DM 235 billion in 1983. Between 1970 and 1980, these costs rose from DM 70.3 billion to DM 200.5 billion.

Between 1980 and 2030 there will only be an 8.7 percent decline in the number of patients. Up to the year 2000, their number is expected to rise by 1.5 percent. The following are the figures for the number of patients per 1,000 population:

1980	14.8
1990	15.2
2000	15.6
2010	16.4
2020	17.4
2030	18.6

Real expenditures for health care are expected to rise along with other costs up to 2030. The report's projections up to 2020 seem somewhat too low. The emergence of a relativistic attitude toward the extension of the life span is to be expected. The question will be raised with increasing frequency as to how much a society can afford in terms of preserving an individual life. This will incidentally also have a bearing on the cost of old-age insurance.

Once government health services can no longer be funded in the accustomed manner domestic demand for medical equipment will decline.

XIII. Education

Within the context of a demographic and economic shrinking process it is likely that attitudes will change with regard to appropriate ways of dealing with education. Admission procedures starting at specific education levels will probably be characterized to an even greater extent by psychological tests—particularly intelligence tests—as well as vitality and stress tests.

Structurally, the education system will be called upon to meet entirely new demands—such as:

- a break with the individual principle and a turn toward group activity;

- the creation of an awareness for social and economic issues and the connections between them;

- making the acquisition of knowledge about space compulsory (including geography and regional planning) and about time (including history and futurology);

- learning how to acquire and deal with information, particularly with large amounts of data;

- learning the appropriate personal and objective forms of communication.

D. Conceptually Different Population Scenarios

I. Initial Considerations

All the findings enumerated thus far tend to indicate that the anticipated decline in population might provide an impetus for new ideas on how to maintain current FRG population levels or even to raise them. The worldwide population explosion might also provide the impetus for new ideas regarding population levels in the industrialized nations.

It is difficult to predict how the industrialized nations might mean to defend themselves over the long term against rapidly increasing immigration pressure.

Both the United States and UNCTAD could take a hand in dealing with this problem. In my opinion, there is good reason to look for a new great migration around the turn of the millenium which would have a very serious impact on the low-population industrialized nations.

For this reason, long-range scenarios on desirable policies toward foreign nationals should be worked out now so that we will not be pressured into shotgun decisions at some later date.

This has nothing to do with the fact of whether one is in favor of some of the concomitant consequences or not. Given a different set of population figures, we would be dealing with entirely different conditions for the existence and entirely different pressures for the restructuring of German industry and society than those contained in the report's population scenario.

The extreme possibility cannot be ruled out that there will already be more non-Germans than Germans living in the FRG in 2030. One could also come up with a scenario that stipulates the same or similar conditions for all of Central Europe.

II. Ideological Polarization

If the scenario calling for stable population levels or a growth in population were to become a fact, the currently incipient ideological polarization would greatly intensify. In contrast to the first waves of foreign nationals coming to the FRG who made an effort to integrate, cultural and religious minorities might isolate themselves and lead a ghetto-like existence. This would make for both integrative and isolated groups of foreign nationals within a country like the FRG.

How explosive this situation might become and how great the risk of losing control could be will depend on where the foreigners actually come from and on what religious affiliations they may have.

Conversely, how satisfied the Germans themselves who live in the FRG will be will depend on whether immigration policies are consciously controlled or whether the government chooses to play "immigration roulette."

E. An Urgent Need for Two-Dimensional Thinking

The above analysis makes it incumbent on all decision makers in political and economic life and in public life to call the existing patterns of thought, of decision-making and action into question. There are two phenomena which call for a great deal of time, intelligence and strength:

1. the skillful and subtle maintenance and continuing onward development of the economy and of social life;
2. the creation of an ideology and a basic plan as well as ways of implementing it which include major structural changes and, as a consequence, the evolution of a new society.

Above all, all the transition points and transitional methods must be identified which lead from short-term to long-term action. These must also be incorporated in the appropriate institutions and must be implemented in the desired fashion.

Closing Remarks

The fact that no long-range plans are being made raises the danger that currently harmless citizens' initiatives on specific issues may lead to conflicts of interest bordering on civil war, thereby creating the basic ingredients for a revolutionary situation.

We are involved in structural change at an enormously high level which 20 or 30 years ago we would never have expected to reach.

The rediscovery of the Kondratiev cycles is evidence of the fact that we move in long-term cycles. In fact, we are going through the second half of a negative Kondratiev cycle, which lasts about 25 years. In the final analysis, every Kondratiev cycle can be accounted for and explained on the basis of value dynamics.

A comparable development occurred during the last century. The fundamental change in values which took place then was the permeation of bourgeois society with bourgeois ethics and morality both of which appear to be giving way at this time. The inability to pass on experience almost automatically signals the beginning of a new cycle of values in the course of every second generation.

What happens is that experience turns out to be less and less of a guideline. In the mid-sixties, our projections were virtually foolproof because the economy was guided by a uniform morality and a desire for growth. But that is not the way it is any more.

We must become aware of the fact that we in the FRG run the risk of losing in relative economic stature vis-a-vis other nations.

We must either take counter-measures today or be prepared to accept that fact.

These factors to the contrary notwithstanding, we must try to find our way out of established industrial society by means of a number of specific, predetermined steps to post-industrial society and must become aware of the advantages and the cost efficiency of the instrumentalities of which we avail ourselves along the way. This calls for a change in direction in learning and a change in perceptions and attitudes.

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MODEST GAINS, DIMINISHED PRESSURES IN STEEL INDUSTRY

Rationalization Pressures May Ease

Duesseldorf WIRTSCHAFTSWOCHE in German 6 Apr 84 pp 12-15

[Text] By now the steel industry as well is profiting from the upswing. This may encourage the steel smelters to delay reductions in capacity, although these will be necessary nevertheless.

Worldwide the steel industry, which is the crisis industry par excellence, is able to bask once more in the warmth of more encouraging figures. After almost 10 years of constant production declines in the Western industrial countries, now hope is arising everywhere--with the exception of France.

In FRG blast furnaces in the first quarter of 1984, about 10 percent more steel was smelted than a year before, while some neighboring EEC countries can show even more vigorous increases in production, and in the Far East the largest Western steel producer--namely Japan--has likewise strongly gained in momentum. Of course the United States is at the head of the class. Since October 1983 the American steel industry has been able to show growth rates of up to 40 percent.

These definitely optimistic facts are now causing the predictions to run riot in the same way: Thus Herbert Gienow, president of Kloeckner-Werke AG, views the growth rate in FRG steel production for the current year as likely to be "if anything nearer to 10 than to 5 percent."

Those in the unions are less euphoric. At the Hanover Fair, the Iron and Steel Industry Association corrected upward only slightly, to 6 percent, a moderate estimate it had made which assumed an increase in steel production amounting to at most 4 to 5 percent.

Regardless of whether steel production will grow at a rate of 6 or even 10 percent, the worldwide problems of excess capacity which have accumulated over the course of a decade cannot be solved all that quickly even with a high dynamics of growth.

Ever since the boom year of 1974, when the record volume of over 55 million tons of steel was produced in the FRG, things have gone steeply downhill--except for a short interim peak in 1979 (see table). Last year the German

steel industry was able to market only 35.7 million tons, and by now the capacities are only slightly over half utilized. The decline on the other side of the Atlantic turned out to be even more dramatic: Because of a lack of demand, the U.S. raw-steel production sank from 132 million tons in 1974 to less than 70 million tons in 1982.

Table: At the End of the Downswing--Changes in Raw Steel Production in the FRG from 1974 on, in 1,000 Tons

1974: 53,232	1977: 38,985	1980: 43,838	1983: 35,729
1975: 40,415	1978: 41,253	1981: 41,610	1984: 37,515-
1976: 42,415	1979: 46,040	1982: 35,880	39,301*

*Estimates

Source: Federal Statistical Office, Iron and Steel Industry Association

The traditional steel-producing countries were not able to dispose of their excess volumes of products on the world market. Although the Third World, especially the threshold countries of Korea, India, Mexico, Taiwan, and China, had noted a heavy steel consumption--its demand increased within the past decade by an average of 4.5 percent per year--nevertheless its own production was able to meet more than adequately the growing steel appetite. Thus to make matters worse the volumes produced by the new steel-making countries also put pressures on the export markets. Without any question they are competitive. Because for one thing they have the advantage of lower wages, secondly due to the newness of their steel industry they make use of modern technology in production, and thirdly they also often have the better locations with respect to the transporting of raw materials, nearness to the consumer, and cheap energy.

"A full counterbalance to the decline in demand in the old industrial countries would not have been possible even had there not been an expansion of production in the new countries," argues Helmut Wienert, steel expert at the Rhine-Westphalian Institute for Economic Research (RWI) in Essen. Because: "The increase in consumption by all the threshold and developing countries taken together was considerably less than the drop in demand in the industrial countries."

Consequently, without a corresponding increase in demand in the industrial countries, the steel industry cannot shake off its serious troubles. But in the industrial countries, the consumption of steel seems to be disengaging itself more and more from economic growth. Just through substitution processes alone, 1 percent of the steel requirements is being compensated for yearly.

However, studies by the RWI do not support this decoupling theory. Instead they show that there is a correspondence between steel consumption and growth by way of a very markedly fluctuating elasticity: The steel consumption of highly developed industrial nations

-decreases by about 2 percent when the long-term economic growth is on the order of 2 percent,

-remains constant when the growth is 3 percent,

-and increases by 2 percent when the economic growth is about 4 percent over the long term.

The reason for this connection lies in the extent of investments. Only lively investment activity is able to counterbalance advances made in conserving on steel. But when there is weak growth, the relative proportion of investments decreases, and the less steel-intensive private and public consumption determines the demand. Therefore "the small steel consumption of recent years," in the opinion of the RWI, mirrors "like the high unemployment the entire extent of the weakness in overall investment and growth."

But who is willing to predict for coming years an average growth of more than 4 percent? In any case the long-range predictions made up to now anticipate growth rates between 2 and 3 percent by the end of the 1980's. Seen in this way, in the future steel consumption should if anything shrink rather than expand.

However, not much reliance can be placed on long-range predictions--that is something which the steel industry has had to painfully experience for itself. Hans Karl Schneider of the Board of Experts for the Assessment of Overall Economic Trends attributes to precisely these wrong predictions a decisive role with respect to the undesirable trends noted in the steel industry.

In fact: At the beginning of the 1970's, the general assumption was that of a further strong increase in the demand for steel. The renowned International Iron and Steel Institute published in 1972 the following estimates of worldwide steel demand: In 1980 the consumption was supposed to climb to more than 900 million tons, in 1985 to as much as 1.1 billion tons. Then the reality had a quite different appearance: With 664 million tons in 1983, only 31 million tons of steel more were produced than in 1972--a diagnostic error amounting to 100 percent.

But the unsubdued faith in growth of the late 1960's caused the steel smelters to place their hopes fully in the predictions: Shortly before the soon commencing decline in demand, they increased their capacities. The most striking example of this bad planning in Germany is the expansion of the Bremen Kloeckner Metallurgical Works by way of a hot wide-strip capacity of 4 to 5 million tons. Moreover actively functioning plants were modernized and expanded so as to be able to produce more competitive steel through the cost advantages of large-scale facilities. Today, against the background of the weakness in demand, these large-scale facilities are showing themselves to be a roadblock to adjustments of capacity. As a consequence of the technical indivisibility of large-scale facilities, separate sections cannot be shut down, so that even when the extent of utilization of capacity is low, the full amount of the fixed costs is incurred. With that, the unit costs increase. And in order to resist this rise, every competitor seeks to keep his unit costs as low as possible by means of a higher utilization level. In this way, by necessity a ruinous

competition appears on the market. "The companies," according to Helmut Cox, professor of economics at the University of Duisburg, "are falling victim more and more to the scissors action of rising costs and sinking prices."

Another obstacle along the way to reorganization is the associated elimination of jobs. "The petroleum industry," declares the expert Schneider, "was confronted with major capacity problems just like the steel industry was." Nevertheless it has handled the adaptation process better. The reason: In contrast to the oil industry, the steel industry is a comparatively labor-intensive business. Despite considerable bloodletting--between 1974 and the middle of 1983 some 63,000 steel jobs were eliminated in the FRG--about 160,000 employees are still employed in the German steel industry. In the EC as a whole, almost half a million jobs are provided for by steel, and this is the case above all in the structurally weak regions.

With that, politics automatically comes into play. Instead of leaving it up to the market to correct excess capacities, reference was made to the employment-policy aspect to justify reaching deeply into the pockets of the EC states. Since 1975, about 80 billion marks have been pumped above all into the nationalized portion of the steel industry for its support. The Federal Government has joined this subsidy race only lately, with the free-market sins it committed in the Saar and in connection with the steelworks of Peine-Salzgitter. In addition, recently it has granted government assistance amounting to billions of marks to other steel firms as well.

By way of the initial subsidizing of weak borderline suppliers, eventually the sound companies entered a state of crisis. With public financial aid amounting to as much as 200 marks per ton of steel--which is nearly equivalent to the labor costs--they could no longer hold their own in the competition. "Thus the problems of individual companies," commented business-cycle analyst Wienert, "became those of the entire industry."

The EC Commission as well is seeking to do right by the steel industry. Since 1976 it has intervened in the steel industry in such a way that, as is sarcastically observed by Heinz Kriwet, president of Thyssen Steel AG, the steel market has moved "alarmingly near the situation of dairying."

By now in fact the steel market is completely in the hands of the Brussels bureaucrats, who have put the steel producers into a tight corset of quotas which not only restricts the production volumes of the separate states but beyond this also fixes prices and provides protection against imports from third countries. Now the long-delayed structural adaptation--based on more far-reaching conditions--is supposed to take place within this crisis cartel.

By the end of 1985--this is the undaunted hope in Brussels--if the marketability of the steel industry in Europe has been restored then steel will again be refined without subsidies. But skepticism remains. Ruprecht Vondran of the steel-industry association already sees even now more far-reaching subsidy plans in neighboring countries.

Doubt about the effectiveness of the rescue attempts from Brussels are expressed likewise by the Oldenburg scientists Guenther Dey, Heinz-Dieter Loeber, and Jochim Mueller. In their research project "Crisis in the Steel Industry" they come to the conclusion that through the EC measures the crisis is at best only controlled, and thus a structural correction will not take place.

Anyway: The steel age--according to the prevailing opinion among economists--is passe. But what may be absolutely correct in terms of the overall economic trend need not necessarily fit in with the calculating of the separate companies. "If the developments in economic activity continue to be positive," warns steel expert Cox, "then the pressure for adaptation will become weaker and weaker." And that could tempt the companies to again play poker over their production volumes. A comparable historical situation took place back in 1970. At that time the fifth post-war boom had caused a thoughtless forgetting of the structural problems in the steel industry which in the previous 1966/67 recession period were still so very urgent.

Scant Hope for Profits

Duesseldorf HANDELSBLATT in German 5 Apr 84 p 17

[Text] Hanover, 4 April--The 1984 steel year will be better than was hoped for even at the beginning of the year. However, this industry probably will not yet see any profits. People in the industry are showing concern that the practice of giving subsidies in some EC countries could be continued even beyond 1985, when according to the subsidy code of the European Community really no more government aid would be allowed to be paid in any EC country.

Dr Ruprecht Vondran, member of the executive board of the Iron and Steel Industry Association, regards as entirely realistic a raw-steel production of 38 (compared to 35.7) million tons this year, which amounts to a plus of 6 percent. At the beginning of the year, the industry was still assuming a production of only 37 million tons. Because of an increase in production of 10 percent in the first quarter, it was possible to revise upward this preestimate.

He said that this positive development is based on an upswing in demand in almost all the steel-using industries, at first especially in the building trade, in the automotive industry, and in the first stage of steelworking, but by now also in machine-building and electrical engineering. But incoming orders in the fields of steel construction and shipbuilding are still unsatisfactory. From the point of view of the steel industry it is becoming clear that the economic upswing has now reached, with the usual cyclical delay, the capital-goods businesses and is no longer surviving exclusively on consumer goods, said Vondran.

The upswing is not restricted merely to the FRG, he said. But developments in the countries of the Western World are not uniform. The steel industries in Great Britain and the Netherlands have an optimistic view of their

markets, but the French have not yet seen any turn to the better. The strongest signs of life continue to come from the United States. In Japan also things are clearly moving upwards again. In the developing and threshold countries, above all in Asia, the level of activity in steel is likewise progressing well, he said. As a whole, the growth in steel consumption worldwide is estimated at 5 percent for 1984--in 1983 there was a plus of 1 percent.

Vondran seemed to be quite confident also with respect to prices. The more favorable development in terms of volumes produced will also have a positive effect on the prices obtained per ton. The steelworks will be in a position to remove temporary rebates which they granted in the slump period. He said that the improvement in selling prices is urgently needed, since in 1983 these companies lost at least 60 DM per ton of rolled steel, averaged over all data and calculated over all products. It is small consolation that the shortfall was even higher in almost all the European plants in competition with the German plants, Vondran added. However he does not expect that this industry as a whole will return to making a profit in 1984. In the first quarter, a loss of 35 DM per ton is even likely to be incurred, which will probably be reduced again by about 20 DM in the second quarter.

Going on to speak about European steel policy, Vondran remarked that despite the upward forces on economic activity, we have gotten through the deluge of subsidies pouring in by existing within an air bubble artificially created by policy. A high price is paid for this survival aid. The Brussels quota regime, originally set up to last for 9 months, is now in its fourth year of being in force already, he said. From the German point of view it is only with mixed feelings that this is noted. Since among our neighboring countries public aid has risen higher and higher, only the measures taken by the authorities have provided breathing room. On the other hand, the constriction of business freedom which ensues from this is felt to be a heavy burden, he said.

For this reason, a double strategy is recommended to the Federal Government. So long as public funds are misused, to the detriment of the FRG, the intra-Community steel exchange should be restricted to the traditional rates of trading, Vondran insisted. The subsidized suppliers must not be given the chance to destroy additional German jobs. The border controls which have been decided on should also be implemented against a halfheartedly acting European Commission, it was said.

He said that it is at least equally important to enforce the subsidy code, which is supposed to restrict the granting of public aid. In the middle of 1981 the governments had agreed that in 1985 there should again be competition on a cost basis in Europe in a way not falsified by taxes. The Federal Government must not let its partners get out of this promise, he said. That is, one hears with astonishment of subsidy plans in neighboring countries such as France which are designed to be in force for another 4 years yet, calculated from today on. If these indications should solidify into certainty, the German steel industry expects Bonn to draw very serious political conclusions from such a violation of the law.

Production Up, Layoffs Continue

Munich SUEDEUTSCHE ZEITUNG in German 5 Apr 84 p 33

[Text] Hanover (from our special correspondent)--In the German steel industry the movement is upward, even if only slowly. In the first quarter of this year, the predicted production was exceeded by about 6 percent, and the associated reduction in costs is valued at about 15 DM per ton, it was stressed by Ruprecht Vondran, a member of the executive board of the Iron and Steel Industry Association, at the world's largest industrial exhibition in Hanover (4-11 April). Nevertheless he regards it as unlikely that profits can be recorded again very soon. Also there will have to be further layoffs of personnel.

World steel consumption is creating a relatively optimistic mood, since this year it is likely to increase by about 5 percent, whereas last year only a meager plus of 1 percent appeared. The producing firms have gained a corresponding amount of elbowroom. In the first quarter, the German steelworks smelted 10 million tons, and when calculated on a yearly basis probably 38 million tons will be appearing, which is more than the original preestimate of 37 million tons. This development is based on an upturn in demand in almost all the steel-using fields, at first particularly in the building trade and in the automotive industry, but by now also in machine-building and in electrical engineering.

Contradictory Calculation

But the improvement in costs associated with this is far short of being enough to arrive at a profit situation. Vondran said that in 1983 they had gone in the red by about 60 DM per ton. The renewed price increases for raw materials ought to be estimated at an additional 30 DM per ton, from which then the rationalization gains of about 15 DM per ton due to better utilization of capacities could be subtracted. As far as the figures go, the result for this year is a loss of 25 DM (sic) per ton of smelted steel, which by the way is in complete contradiction to Vondran's answer to the question about the general profit situation. That is, when he doubts whether it will be possible to show profits at the end of the year, this assumes at least a tendency toward an improvement in revenues. But 75 DM in loss per ton following 60 DM in the previous year signifies precisely the opposite, namely a further decrease in revenues.

Contradictory things are being heard in Hanover also about changes in the employment situation.

At the end of 1983, some 154,000 people were employed in the mining and smelting sector of the German steel industry. At the midpoint of last year, this branch assumed that 35,000 layoffs would have to be made. But in fact "only" 9,000 dismissal notices were written. And at the Hanover Fair it is now being said that the manpower is to be lowered to a total of 130,000 men. It is said that what is responsible for this is the still poor plant utilization. Vondran did not want to or could not give precise details just on this subject, which astonished questioning journalists, in

that after all the complex field of machine-building does give corresponding details. And what can be done in that field really should be able to be managed also by the steel firms with their much more homogeneous products. Vondran apologized for his inability to deal with the politics of this industry, which has to live with allocated production quotas from Brussels and therefore talks about capacities tending to move upward.

But Brussels is effecting also positive things. In any case Vondran thought that the new EC measures would prevent the other partner countries from again being likely to dump their more subsidized steel in the FRG. Nevertheless he lashed out at the unaltered subsidy policy. It was with mixed feelings that he also commented on the quota arrangements. Originally such a measure was supposed to be in force for only 9 months. But by now these regulations are already in their fourth year of effectiveness. Therefore he recommended to the Bonn government a double strategy. On the one hand, suppliers which are subsidized elsewhere should not be given any additional chances to again destroy jobs through sales in the FRG.

Challenge to Bonn

But it is just as important, he said, to enforce the subsidy code on restricting aid which was worked out 3 years ago by the EC governments. "In any case, we hear with astonishment of subsidies in neighboring countries which instead of expiring at the end of the year--as originally planned-- are to be prolonged for another 4 years." If this should become a certainty, according to Vondran, German businessmen expect Bonn to draw very serious political conclusions from such a violation of the law.

Stabilization, Adaptation in Saarland

Duesseldorf HANDELSBLATT in German 5 Apr 84 p 17

[Text] The steel crisis which has been going on for 9 years now has not affected the Saarland companies of the iron and steel producing industry all to the same degree. In the case of flat-bar steel products and the pipe manufacturers, such firms (Dillinger Iron and Steel Works AG and the Bous Pipeworks) have escaped existence-threatening reverses. They have been able to carry out on their own the necessary measures of adaptation to the changed market conditions. Basically no public aid was obtained. The total work force today, with an average of 7,000 employees, is somewhat higher (by 300 workers) than 9 years ago. The companies are expecting unchanging market developments together with unchanged product constituents. Therefore it can be assumed that in the next few years the number of persons employed in this sector will remain roughly the same at about 7,000 persons.

In contrast, the steel crisis has had far-reaching repercussions in connection with the production of cast and rolled products, and here we mean Arbed Saarstahl GmbH. Hence the necessary structuring and adaptation program could be managed only by financing through borrowing and public

assistance. If the year 1974 is compared to the end of the year 1983, the changes can be illustrated the most clearly by way of the following data:

<u>Item</u>	<u>1974</u>	<u>1983</u>
Raw steel production (100 tons)	4,647	2,397
of this, continuous casting (%)	10.3	73.3
ingot casting (%)	89.7	26.7
Rolled steel production (1000 tons)	3,667	1,955
Sales (millions of DM)	2,936	1,982
People employed (at end of year)	29,460	16,236

Thus the raw-steel and rolled steel production of this firm has been diminished by roughly half since 1974, sales have declined by 32.5 percent, and in terms of the number of employees a reduction by 45 percent can be observed.

These changes illustrate the particular problems of this firm, since it

- has a single-item structure with its cast and rolled products,
- is harried by foreign imports at politically-determined prices, and
- is hemmed in by the Brussels quota system (in the first quarter of 1984 alone the wire quota was short by 55,000 tons).

In 1977/78 Arbed Saarlöhle started work on these problems with the introduction of a comprehensive restructuring program. Here are some data on this:

- Three fully integrated iron and steel works were combined into one,
- instead of seven steelworks at three locations, today two are in production at one location,
- of the 21 rolling-mill trains originally in use, only 8 are still in operation,
- the work force has decreased by over 13,000 workers since the end of 1974,
- roughly 1.4 billion DM have been invested in the most up-to-date technology.

In 1983 the company produced about the same tonnage of finished rolled products as in 1982, with almost 10 percent less personnel in comparison to 1982 and with roughly DM 150 million less in personnel expenditures. Nevertheless, the fact that in terms of sales a loss of DM 200 million (almost 10 percent) had to be accepted has its cause in the nearly catastrophic market developments as far as the price aspect was concerned. That is, the prices fell off as much as 200 DM per ton. As far as the products of Arbed Saarlöhle GmbH are concerned, depending on the product some 40 percent to over 70 percent of Germany's market supply comes from abroad at politically concocted prices, from countries for which it is exclusively a matter of foreign exchange. It is here that the reasons--at

least the essential ones--lie for the result that in mid-1983 and also in October 1983, public financial aid had to be resorted to once more in order to avoid a not-impossible insolvency situation. The financial aid granted in November 1983 by the Federal Government and the Saarland government of DM 86 million for 1983 and DM 100 million for 1984 is tied to conditions whose fulfillment entails risks:

Within 1984 the company is not allowed to agree to any collective wage settlements which lead to cost repercussions. This condition is likely to produce objections based on principle, especially at IG Metall [Metalworkers Union].

Evidently no consensus is to be reached with the in-house employees' representatives (workers' council and general workers' council) about the conditions stipulated by the Federal Government and the Land on lowering the labor costs. Thus the general workers' council--represented by IG Metall--has filed a charge in protest against the cancellation of the previous social-insurance plan, which provided for a net income protection of 90 percent for workers from the age of 55 years on and which is to be replaced by a new arrangement financed by the Federal Government and Land having an average net income protection of 82 percent. The workers' council is not prepared to conclude a new social-insurance plan at a level of income protection of 82 percent.

The social-insurance plan concluded in November 1983 for employees from 50 to 55 years old with a level of income protection of 82 percent was effected in a labor-management settlement board procedure against the objections of the employees' representatives. In this connection it was known to all participants that a more extensive social-insurance plan would not be financed by either the Federal Government or the banks, and certainly could not be defrayed from the funds of the company. Here it should be remembered that there is nobody in the Saarland who is not convinced of the necessity for Arbed Saarstahl GmbH to reduce its manpower to about 12,000 employees by 1986. The only question is how this is to take place. Since terminations brought about by the company are to be avoided under all circumstances, the only way remaining is via the social-insurance plan.

The company wants to manage without public assistance from 1986 on. The sales expectations on the journey to this goal can be sketched as follows:

1984, average of 179,700 tons per month
1985, average of 189,200 tons per month
1986, average of 196,270 tons per month

The keystone of the technical adaptation measures is to reduce the ingot-casting fraction down to unavoidable minimal quantities, especially by changing over to continuous casting together with using direct charging to the greatest possible extent.

Another focus of the adaptation program is to support and strengthen sales through a quota exchange and through more interlinking of the steel-related

processing at Arbed Saarstahl, accompanied by a financial consolidation and a structural reorganization of this sector.

All these efforts will ultimately be able to be successful only if in the European context as well the present practice of granting subsidies (hitherto about DM 100 billion of subsidies for all of Europe) is ended and thus the rationalization and modernization carried out so far by the German steel industry is able to bear fruit in the market.

Steelworking Industry Records Gains

Duesseldorf HANDELSBLATT in German 26 Mar 84 p 13

[Text] In the iron, sheetmetal, and metalworking industry (ESM) things are further improving in almost all the product branches. The expectations of this industry are directed almost everywhere at production increases. Export developments in the current year are assessed as encouraging as well.

The situation with respect to orders for the ESM industry firmed more toward the beginning of the year, it is said in the most recent situation report of the ESM industrial association. After eliminating seasonal effects, a nominal rise of 4.5 percent appears on the average for the months of December 1983/January 1984 compared to the previous months October/November 1983 for the total number of incoming orders in the ESM industry (domestic orders + 4.6 percent, foreign orders + 3.3 percent). According to the reports of the test firms, in January the demand increased in particular for punched pieces, turned parts, locks, fittings, tools, cutlery, flatware, and office equipment.

Measured by the respective average level for the year 1983, in the first month of 1984 domestic orders increased by 7.5 percent and export orders increased by 14.9 percent. If one compares January only with the same month of the previous year, he obtains really huge rates of increase. Compared to January 1983 the incoming orders increased by 17.6 percent, with those of domestic origin increasing by 15.2 percent and those of foreign origin by 25.0 percent.

In the wake of the constantly rising demand for ESM products beginning in May 1983, production has also risen distinctly since then. In the first month it was around 0.6 percent above the average 1983 level and 11.2 percent higher than in January 1983. Measured by the indicator "real change in incoming orders," in the first quarter the ESM production is likely to remain at roughly the January level, the association assumes. Moreover, especially in the tool industry and in the light sheetmetal and packaging industry, expansions in production could also occur.

The business situation has improved further in the related branch of steelworking as well. On a seasonally adjusted basis, incoming orders rose in the months of December and January by 5.5 percent compared to the two

previous months (domestic orders 5.4 percent, export orders 5.5 percent). Compared to January 1983, the order inflow was higher by almost 17 percent, and it was also a good 7 percent above the 1983 average level. In most product areas, the expectations are primarily for additional improvements in the business outlook in the next 6 months.

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SIGNS OF RECOVERY FOR INDUSTRIAL GIANTS

Rome L'ESPRESSO in Italian 1 Apr 84 pp 180-185

[Article by Giuseppe Turani: "And How Is the Dinosaur? Fine, Thank You"]

[Text] Big industry--which seemed to be in such serious difficulty--has taken a deep breath and increased its output. Fiat, Olivetti, Montedison, and even ENI [National Hydrocarbons Agency] and IRI [Industrial Reconstruction Institute] are now doing better than some years ago. Here is why.

Milan. Can one still be optimistic in Italy in spite of everything? Probably yes. One even has the feeling that the moment has come to switch from our habit of seeing everything black toward a more positive and more constructive attitude although members of parliament and ministers have gone back to attacking each other in the severe rooms of Madama Palace and although protest signs can once again be seen in the streets and squares. And even though that which seemed to be an inestimable asset of Italian society--labor union unity--is going through some very dark and perhaps final days.

Behind this facade, behind this continuous collection of negative events, there are as a matter of fact many interesting things happening and they are probably the signs of a new epoch which all of us cannot quite see a little bit out of laziness and a little bit because we are basically attuned to pessimism. Almost in an experimental fashion, we assembled a small list of these "new" facts which outline for us an Italy for the 1990's, an Italy better than the one with all of the shouting and tumult which we are leaving behind us.

ENI. All of us have had a very bad image for several years now as regards this government agency which once upon a time represented one of the great hopes for Italy's renewal. It devours tremendous national resources (even when all goes well, that still involves thousands of billions over a span of 12 months); it is the place of most unusual corruption and financial dealings, a meeting ground and a battleground of the most talkative personalities of the Italian and international business scene. It is the predestined victim, finally, of the appetites of the politicians: Five or six presidents and special commissioners burned out within just a very few years. Not the slightest trace of a strategy in any direction. By now we have become accustomed to looking upon it as an example of progress over Italy's past, although it has little polish and no future. A kind of gigantic collections of skeletons in the closet.

Well, for months now there has no longer been any talk of this. ENI, as if by a miracle, wound up as one of those miracles which do happen in Italy once in a while, in the hands of Franco Reviglio, one of the most honest persons we know. There is not the slightest trace of any underhanded dealings. Everybody went back to work silently. And, perhaps with much luck, ENI will close out the year 1984 with its accounts balanced, if not in the black. But that is not all: The agency has once again become a protagonist of the Italian economic scene. It enters into alliances with private individuals, it settles old deals, it is thinking of entering on the stock exchange some of the best outfits which for years have been a part of its assets. And it is therefore planning to move out into new fields.

But not everything is perfect; here and there we have a little bit of improvisation and a sense of adventure; still, things are moving again. An agency that seems to have transformed itself into the Post Office or into the Railroads is once again in the breach. In summary, it is once again here, among us, to extend a hand again to us. This could turn out to be an explosive presence. ENI is a very strong outfit, very big, very internationalized. Until yesterday, it was working just to survive. If it goes back to working for the country tomorrow, it could give us very many positive surprises.

IRI. The drama of the agency headed by Romano Prodi was and is very similar to the one involving ENI. It therefore has a long way to go. The 1983 accounts are still extremely bad and those for 1984 will not be much better. Still, IRI deserves being listed among the good things that are happening to us. Why? There are many reasons for that.

1. For the first time after who knows how many years, the borrowing race was ended in 1983. The debts grew less than one might have expected. For an agency that has more debts than it bills, this perhaps is not saying much. But, just the same, we must take into account the fact that a perverse cycle has ended: The gigantic, paralyzing, and absurd debts of the past remain--but no new ones are coming in. That is by no means little. Above all if we recall that the year 1983 was a very bad year from the economic angle.

2. IRI has not yet solved the problem of the steel industry and it will still take some time before it can do that. But, if nothing else, there are now some clear ideas inside it. It has an expensive and difficult strategy. But the way to rid itself of more than 2,000 billion in losses per year (the real cancer of the IRI, along with growing debts) has been charted. If only the administration and public opinion could give a hand, if only the labor unions were a little less myopic, then IRI could be something entirely different in just a couple of years. It could once again be an active presence in Italy's industrial panorama. And, as we said earlier for ENI, it is difficult to imagine all the positive things that could come out of IRI once the group has been motivated to get moving instead of being forced, as is happening today, to pawn the shares of the good outfits in order to get money to pay the steel industry workers. Both IRI and ENI are two extremely big flywheels: They are moving and they can go very far if they once again begin to grind out projects. This could happen very soon with a little bit of good luck.

3. While IRI has to settle a rather burdensome past (the steel industry), there is also a big future ahead: In telecommunications. Up to about 6 months ago, it was enough to talk to STET /Telephone Finance Corporation/ officials and officers of the agency to realize that they really did not have any ideas as to what to do but they were sure they had already lost. Now, everybody is all charged up again, partly also because of the agreement between Olivetti and ATT. Now we find out that President Prodi in recent months visited all of the officials of the biggest telecommunications outfits throughout the world (Swedish, Japanese, American) and that the pot is boiling. Will anything come out of this? It is to be hoped. Perhaps, Carlo De Benedetti will get a little bit angry but the boys at the IRI are back on the job and they are moving again. Nobody could obviously tell whether or not they will pull it off. But one thing is certain and that is that they give the impression of having taken the management of their own future back in hand. Until the day before yesterday, everybody seemed resigned to waiting for the arrival of the liquidation commissioner or some unexpected savior.

Montedison. During the 1970's, under the management of Eugenio Cefis, this company had managed to do three things simultaneously: It had given in to base Italian politics (without overlooking journalism, obviously), it had just about half-killed itself, and it had thrown the entire Italian chemical industry to the ground. Cefis went out some years ago and his successors are good men. But the losses remain: Hundreds of billions per year. But here again there has been a fresh atmosphere for several months now.

It is said that the balance sheets will at last turn out positive in 1984 (for the first time after I do not know how many years). And the company is moving, it is quoted on the New York Stock Exchange, it enters into international agreements, it is thinking of new initiatives in major chemical industry, it is getting ready to enter the advanced tertiary sector with imagination and new structures. I may be a little bit too optimistic but I do have the feeling that Montedison could also be considered as "having come back among us" to produce an income rather than debts, to visualize a future that is not the same as the past, and to open up new ways. Frankly, this is a result nobody had expected any longer. When its President Mario Schimberni spoke of Montedison's possible recovery, everybody listened but everybody hoped that he would do this in a hurry only to bury it and they were trying to figure out how many new jobs one could possibly assign to this good manager after the funeral. Instead, he will remain where he is because the game is turning out to be very interesting and positive.

Alfa Romeo. Do you still remember that outfit? "Excellent motors, very bad balance sheets." "For every Alfetta sold, the government gives a million to the buyer." These are some of the Kafkaesque slogans that were invented to describe an outfit which had not made a single lira for more than 10 years and which loses hundreds of billions every year. But a minor miracle did happen here. It seemed that it only lost about a score of billions (very little, compared to its traditions in this field) in 1983. And as far as 1984 is concerned, there is every reason to think that Alfa will even succeed in giving itself a present in the form of a balanced budget.

Now, who should get the credit for that? In this case, just about everybody, a little bit. The company top management, Ettore Massacesi and Turin's Innocenti who managed to hang tough even though they were ~~devoted~~ devoted by Alfa and /Southern Alfa/ because output would drop to nothing on the occasion of any international soccer match. The labor unions and the workers too, after having played around with this company for many years, in the end ~~did~~ came down to serious work (although with some rather odd "second thoughts," now and then). The top management of Finmeccanica /Mechanical Engineering Finance Corporation/, with Franco Viezzoli and Fabiano Fabiani who worked very hard in order not "to lose" Alfa's assets, although they did so by performing some deadly jumps. The top management of the IRI, finally, which, because of its unfortunate nature, has always been under close scrutiny (especially in recent times, under Romano Prodi).

Olivetti. It may seem useless to describe the successes of the company in Ivrea and of Engineer De Benedetti. Today it is interesting to make just one very brief remark. When De Benedetti arrived at Ivrea 7 years ago, many predicted that he would have a short future. Nobody imagined that, less than 10 years later, this company (which had almost failed) would catch up to one of the world's biggest telecommunications groups, convincing it more over to invest almost 500 billion lire in Olivetti. It so happens that spaghetti, Armani, Versace, and Gucci but also Olivetti, Montedison, Fiat, in summary, our Italian enterprises, are in vogue. But had Italy not already become the Third World of the international manufacturing industry?

FIAT. Here again it is useless to recall the successes. I would only like to urge Italians to do one thing which perhaps they cannot do: take a good look at the cars made by this Turin company on the streets and then go in the showroom in downtown Turin and take a look at what will come out during the next 2 years. At that point, Fiat will have the most modern and most up-to-date assortment of vehicles available in Europe. And if you think that the British have already dropped out of this market and that the French are in an extremely great difficulty, then you will realize that the "Fiat miracle" does not consist only of improved balance sheets but also of something bigger and more important: Almost certainly, we will be one of the most worthwhile producers of cars worldwide within 10 years. During the gloomy 1970's, there were indeed few who held this conviction. We paid a high price but we were successful.

Now, to conclude: Over the past 3-4 years, Italian big industry (precisely the industry which we thought no longer had a future) took a deep breath and today leads the race, prepares new things, seeks the industrial paths of tomorrow, the alliances of the 1990's. Could we not be a little more optimistic now?

Back to Life, Figure by Figure

I REDIVIVI, CIFRA PER CIFRA

	1) Addetti *	2) Fatturato	3) Indebitamento	4) Oneri finanz.	5) Risult. d'es.
Iri	525.000	32.940	36.552	6.819	-8.610
Eni	144.052	41.536	18.542	2.236	-1.734
Olivetti	51.924	3.341	3.044	338	102
Fiat	263.760	20.618	17.244	1.407	137
Montedison	90.554	9.019	7.992	995	-860
Alfa Romeo	48.286	8.297	1.926	164	-91

* Unità.

Ecco, in cifre, la situazione dei maggiori gruppi industriali italiani il cui stato è migliorato negli ultimi anni: dal numero dei dipendenti al fatturato e alla situazione finanziaria (in miliardi di lire). I dati si riferiscono ai bilanci consolidati 1982.

Key: 1--Personnel (workers); 2--Billing volume; 3--Borrowing; 4--Financing costs; 5--Company result. Here, in statistics, is the situation of the major Italian industrial groups whose condition improved in recent years, from the number of employees to the billing volume and to the financial situation (in billions of lire). The figures pertain to the consolidated 1982 balance sheets.

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MINISTER ANNOUNCES 'INDUSTRIAL TRANSITION' PROPOSAL

Rome L'ESPRESSO in Italian 1 Apr 84 pp 191-193

[Article by Paola Pilati: "I Am Thinking About Industry"]

[Text] Renato Altissimo wants to make industrial policy over again. Here is his blueprint.

Rome. No more pockets of crisis bordered by a buffer belt against the rest of the country but rather an industrial "risk index" which would outline each production area. A quick sponge wipe over industrial policy which is implemented through a patchwork of laws and, in its place, a single fabric of standards applicable throughout the territory: Equal for everybody, strengthened only here and there, where the economic tissue might give way. And there is more: Massive doses of technological innovation in the form of specifically project-related financing or direct assistance to specialized "agencies."

These are some of the novelties contained in "Rapporto sulla transizione industriale" [Report on Industrial Transition], a rather ponderous study of more than 350 pages which the liberal Industry Minister Renato Altissimo is about to present officially to the prime minister: A kind of "liberal manifesto of the economy" which will serve to set up the instruments necessary to extricate the Italian economy from the sandtrap and transport it to the great ocean of the most advanced societies. Rather than calling it a report on transition, it could be called "Blueprint for the New Industrial Revolution": The revolution which has already been partly carried out elsewhere, which is being carried out under the sign of ever greater specialization, of the most sophisticated technologies, of the most ductile industrial relations between owners and the unions, and with all of the "lesses" which the manufacturers have been demanding for quite some time: Less restrictions, less rules, less useless company bailouts, etc.

The only trouble is that the response from the "public sector" to all of these demands from the "private sector" must reckon with the jungle of existing laws which, if it spreads out too drastically, could cause irreversible cave-ins. This is why Altissimo's "Report" follows the middle road: It organizes a public system of action by calling upon private operators to sustain it also directly with their own managerial forces. This concerns agencies for services to enterprises or agencies for the creation of new entrepreneurial talents.

But beyond economic ideology, the industry minister's "Report" also touches the practical implementation of the reform of the entire legislative framework of recent years which has been the crux and the joy of Italy's industrial system: From the industrial reorganization law to the company bailout law and to incentives through facilitated loans. Let us see what the purposes behind this are.

Prodi's Funnel

The safety net that was devised to bail out companies that were in trouble, the so-called Prodi Law, with the passage of time turned out to be a big trap. Drafted to bring enterprises back into the market instead of becoming an instrument of re-education, it was transformed into a hospital for chronic diseases. Now Altissimo wants to turn the situation around: It will be more difficult to get in and easier to get out.

How? Only industrial enterprises will be covered by the procedure spelled out in the Prodi Law and those belonging to crisis sectors will compulsorily be included. The requirement will no longer be the volume of debts but rather the billing volume and the creditor enterprises (or those that are interested in helping the outfit) will directly participate in restoration, taking over the shares of the company in trouble and provided with a binding vote as regards the recovery effort conducted by the commissioner. To make up for this greater strictness in the implementation of the Prodi Law, the reform devised by Altissimo calls for a public fund which is to be used in part to finance the effort required to restore the company's balance.

Death of a Law

Industrial reorganization and conversion according to the liturgy of Law 675 has seen its day. It will not even be necessary to amend it because the law is simply outdated: In its place, other instruments will be organized to help enterprises by using the already existing laws, such as the law on technical innovation (Law No 46). Properly refinanced, this will help the producer and those who need to acquire "innovations": Machinery, materials, and technologies. Law 46 will be made up of the (refinanced) 696 with which the companies will be able to purchase more modern machine-tools on easier terms.

As for the small and medium enterprises that will want to modernize or reorganize their plants, it will be possible--in the place of the defunct 675--to use the already existing mechanism of easier financing for the depressed areas of the North: With some administrative modifications, it can be made operational throughout national territory.

Goodbye to Crisis Pockets

Concentrating emergency action in a certain number of zones throughout the country is an idea that has not met with success. After the bitter debates on the number of crisis pockets, on their perimeter outline, and on practical assistance, everything remained the same. But this is not why the economic crisis did not settle down particularly in certain production areas: Here it suffices to mention Genoa. So, one solution is possible to concentrate the restoration effort: A kind of map of the industrial danger situation

(in terms of the number of bankrupt enterprises, the number of jobs in danger, and so forth and so on), compiled by assigning to each a kind of variable index. For example, Genoa today could be given crisis rating 40 whereas Turin would get a rating of 10. This would help to draw up a priority list of action to be taken according to a kind of "emergency entitlement."

Help from Treasury

In coming out with his "Report," Altissimo wants definitely to pave the way for "venture capital," the most uninhibited form of investment, consisting of big amounts of risk capital invested in enterprises which, if they are successful, will guarantee big profits. But how can one introduce this system into Italy if the risk takes a big chunk out of the financial profits? To attract and circulate this capital, therefore, the taxation system would have to provide for exemptions or easier terms for reinvested profits.

Long Live the Agency

A flood of agencies, to be found just about everywhere, as the industrial system's USL /local health units/ were. This is the most utopian part of Altissimo's proposal which visualizes gathering both public and private outfits in a single organizational structure in order to give the medium and small enterprises support in terms of advanced technologies which they, by themselves, could not afford.

Just about everybody would have to participate in this service agency which would be ramified as much as possible, that is, from the CNR /National Research Council/ to ENEA /National Committee for Nuclear Energy and Alternate Sources/, from Central Southern Credit all the way to Confindustria /General Confederation of Italian Industry/ and to the chambers of commerce.

From this angle, the agencies visualized by the industry minister should also serve to create jobs. Not directly, but indirectly: Their tasks include the task of training new business operators, providing assistance during the phase of planning their initiatives, and checking the results. An ambitious program, in other words. But it must yet be judged by the parties and the labor unions. Will it draw brickbats or kudos?

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INCREASED TRADE VOLUME WITH IRAN EXPECTED

Delegation Departs for Iran

Istanbul DUNYA in Turkish 24 Apr 84 pp 1, 7

[Text] NEWS CENTER - The "second Iran tour," intended to raise the total volume of Turkey's foreign trade with Iran by 50 percent, began yesterday.

The delegation of nearly 450 Turkish businessmen and industrialists headed by Minister of State Ismail Ozdaglar and Under Secretary for the Treasury and Foreign Trade Ekrem Pakdemirli left for Iran at 1500 hours yesterday.

Prime Minister Turgut Ozal will be traveling to that country on 28 April to sign the agreements worked out by the Turkish delegation.

The Joint Economic Commission, consisting of the official Turkish delegation headed by Ozdaglar and Pakdemirli and the Iranian counterpart, is expected to raise the \$2.3 billion 1983 volume of trade by 50 percent to \$3 billion.

Prime Minister Turgut Ozal made his first trip to Iran in 1982 when he was deputy prime minister.

Bilateral Trade

While trade between the two nations in 1982 was in Turkey's favor, increased oil buying in 1983 turned it to Iran's favor.

Turkey's exports to Iran in 1983 amounted to \$1.087 billion, but imports were \$1.222 billion. Oil purchases accounted for \$1.190 billion of imports.

As Turkey's major market in oil purchases, Iran provided 5.48 million tons, or 38 percent, of Turkey's total oil purchase of 14.3 million tons.

Iranian oil, at the same time, is the cheapest oil that Turkey imports.

In the first 2 months of this year, Turkey had exported \$148.1 million in goods to Iran, while imports amounted to \$152.5 million. Oil purchases for the 2 months were 783.8 million dollars [as published: liras?], the equivalent of \$152.5 million.

Trade Items

Practically all Turkey buys from Iran is petroleum. The only other items are a few minerals.

The most important of Turkey's exports to Iran are basic foodstuffs such as wheat, barley and meat. However, it also sells agricultural tools, plastics, iron and steel manufactures, chemical materials and fertilizer, textiles, paper and wood products, machinery and tools such as turning lathes and drills, and electrical appliances.

Businessmen on Tour

Selcuk Ergin
Melih Ergin
Melih Guckam
Mumtaz Tugtam
Aksel Sirinvan
Necip Yuksel
Hasan Karamehmet
Suat Goksaltuk
Tuncay Ozyurek
Nuri Akin
Ismet Koc
Cengiz Turanli
Serif Egeli
Melih Halefoglu
Mehmet Civelek
Cenap Fisek
Mehmet Konuray
Behic Akerman
Atilla Yurtcu
Mehmet Ozdemir
Abdulkadir Unek
Bekir Okan
Davut Ozdemir
Akin Bener
Ali Taciroglu
Turgay Uykusuz
Orhan Sahin
Yalcin Akgerman
Ugur Ozer
Avni Aksehirlioglu
Sami Gerdan
Ahmet Altuncu
Umit Somer
Semih Yenisehirli
Hulusi Gencay
Erdogan Ergur
Behruz Septerzade
Leoman Moray
Uunus Bay
Ali Durmaz
Esref Cavusoglu
Nuri Kerigenc

Celal Keki
Huseyin Pekcan
Mustafa Kaycioglu
Ender Yorgancilar
Suat Ozyerli
Gokcen Odyak
Firat Tekin
Ozgen Izmiroglu
Ergun Akturk
Cem Kozlu
Basri Kanca
Sadik Ozgur
Sadi Baydu
Ayhan Bermek
Ragip Gureli
Necattin Sahin
Haluk Gercek
Abdullah Sarikaya
Huseyin Oztug
Cengiz Torun
Onder Eltan
Ulku Hizal
Omer Goknar
Ayhan Yeginsu
Ali Gucluler
Eyup Ergin
Melih Karaer
Turan Karakullukcu
Bulent Baser
Sener Aral
Halim Aydin
Sekip Polat
Orhan Besiroglu
Kerim Tanyeri
Aytac Erkaya
Yalcin Ertemin
Ece Kulung
Yasar Memik
Gokalp Goren
Ilhan Savucu
Bulent Savas
Mehmet Saruoglu

Huseyin Bayraktar
Sevki Tuncer
Ahmet Piker
Nejdet Colpan
Ayhan Oz
Yusuf Atac
Husnu Saygun
Ates Yucel
Omer Aksu
Kerim Kerimoglu
Sabih Eler
Sezai Ozgoren
Servet Harunoglu
Selahattin Sabuncuoglu
Sanim Sivri
Bedrettin Guneri
Ibrahim Imamoglu
Tezer Olcaytu
Zafer Gultekin
Kemal Karabulut
Suat Kulur
Cetin Senoren
Ziya Uluer
Ibrahim Yazici
Cemil Atkay
Adnan Erkut
Serdar Kocurk
Enis Ozsaruhan
Isin Celebi
Sabri Sonmez
Mustafa Suzer
Nadir Yalcinalp
Necati Kurlmel
Tuna Ucansu
Sevinc Alemdar
Esat Suvarierol
Kemal Sungur
Iskender Arioba
Necdet Aksoy
Hasan Ulusoy
Melih Gorgun
Ali Ulusoy
Sedat Kilicci

Expectations from Trip Described

Istanbul HURRIYET in Turkish 24 Apr 84 p 13

[Text] Ankara (HURRIYET) - Two Turkish Airlines craft departed for Iran yesterday, carrying almost 450 representatives of the public and private sectors headed by Minister of State Ismail Ozdaglar. When Prime Minister Turgut Ozal arrives in Tehran on his "Iran expedition" to begin 28 April, the number in the delegation will rise to 1,000. In a speech about the visit, which has been dubbed the "Iran expedition," Minister of State Ozdaglar stressed that they are taking to the meeting of the joint economic commission proposals for the development of relations with Iran and said, "We will be requesting natural gas for Turkey."

Ozdaglar said that opportunities would be sought for cooperation with Iran in the areas of joint contracting and consultation services.

Speaking of the known matters to be discussed during the "Iran expedition," Ozdaglar said:

"To date, we have sold goods to Iran and bought oil. Now we will discuss their thoughts and efforts on the large natural gas pipeline and the Iranian crude oil pipeline to Europe. Iran had a natural gas and crude oil strategy, but it has been cut back by the war. Today Iran has new ideas and projects for the West. We will discuss these new ideas, intentions and conditions of Iran's and we will be requesting natural gas for Turkey."

Minister of State Ozdaglar noted that joint investments to be undertaken with Iran are mainly in the automotive sector, saying:

"We will discuss whether we can build tractors together, whether we can produce spare parts. We will try to open up a broad, new area of cooperation in the completion of their unfinished facilities, in getting existing facilities into production and in maintenance and repair services."

Asked whether he would present any initiative as regards employment, Ozdaglar replied:

"No, nothing on that. You know Iran's situation and the problems it has in that it has these unfinished factories. They need to be brought into production as soon as possible. Secondly, it has factories that have been damaged by the war. These need to be rebuilt and put back into service. And lastly, Iran has large-capacity factories in the automotive industry, in tractors. They have begun production, but owing to the present difficulties they have been unable to achieve full capacity and are also technically lacking. The agenda will cover what can be done to bring them up to full capacity as well as the matter of joint investments. Turkey has a certain amount of resources. Joint investments would be there, not here. Therefore, the projects will be examined before the outcome can be known."

Under Secretary for the Treasury and Foreign Trade Ekrem Pakdenirli also made a statement in which he said:

"Last year, we exported \$1.1 billion worth of goods to Iran, which took first place as to foreign trade volume in the Turkish economy. Iran is our neighbor and, when the war with Iraq comes to an end, this market will grow even larger. We are confident of this. We are, therefore, taking a large contingent, both to conclude contracts and to allow our exporters to hear and discuss, and resolve, any complaints there may be in connection with our products. When Mr Ozal arrives, we will have a group of almost 1,000 people. This is a clear indication of how interested Turkey is in Iran."

No Reaction from Iran

Meanwhile, there has been no reaction from Iran to Turkey's "economic invasion" of Tehran, it was learned. Foreign Ministry sources told HURRIYET, "There is no cause for worry. Turkey is careful of the delicate balance between its two friends and neighboring nations. We are not selling arms to either side."

The Turkish delegation headed by Minister of State Ismail Ozdaglar was met at Tehran Airport by Iranian Minister of Heavy Industries Behzad Nabavi. In a statement given at the airport, Ozdaglar said that Iran was Turkey's major trading partner.

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MEASURES TO REVITALIZE CONSTRUCTION SECTOR

Istanbul DUNYA in Turkish 24 Apr 84 pp 1, 7

[Text] Ankara (DUNYA) - In the effort to revive investments, the construction sector has been described as the "engine" and the first concrete steps in this area have been initiated. Exports of the sector's main input, iron-steel, have been limited to 20 percent of production, and implementation of measures to raise production and limit exports of cement is expected.

The slump in construction resulting from the "Economic Stabilization Program" implemented in early 1980 has had an extremely negative effect on the manufacturing industry. As the problem was growing to emergency proportions, the first measures towards solution are being placed into effect in 1984, in construction first. The resources necessary for increased home building are expected to be supplied by the housing fund, while the second step is to increase iron-steel production so that 80 percent can be reserved for the domestic market. According to the decision, the public iron-steel industry is held responsible for providing 80 percent of its planned production of 4.9 million tons this year to the domestic market.

The previous tax rebate of \$32 per ton on exports of iron-steel has been reduced to \$13 on ingot iron and \$28 on structural steel. The tightening of incentives for iron-steel exports will be used as a means of increasing domestic sales. Meanwhile, contracts by firms engaged in iron-steel exports will be reviewed by the Under Secretariat for the Treasury and Foreign Trade. The new iron-steel policy will be reinforced by "increasing imports if necessary."

In addition to the measures restricting exports, efforts are being initiated to increase iron-steel production. Two new units are expected to go into operation "in the next few days" at the Iskenderun Iron-Steel Factories, known for short as ISDEMIR. Officials at the iron and steel works say that production of finished and structural steel will be emphasized.

Arrangements are also in progress to improve production of cement, another basic input of the construction sector. While measures have been prepared to "bring idle capacity into use" and are awaiting implementation, three new cement plants will also soon be going into production. The cement industry has not had sufficient energy in the past owing to rationing, but "care" will be taken that restrictions not be made in the future. Also, imports may be resorted to in cement as in iron-steel, depending on the needs of the domestic market.

ENERGY STUDY COMMISSION TURNS TO COAL, DAMS AS NUCLEAR SUBSTITUTES

Stockholm DAGENS NYHETER in Swedish 21 Apr 84 p 8

[Article by Mert Kubu]

[Text] If nuclear power is phased out in Sweden, there will be a big gap in electricity production. Exactly how big the gap will be is hard to determine. Currently, the only economically realistic way to make up for the loss of nuclear power is to harness the rivers and invest in coal-fired power plants. DAGENS NYHETER has learned that that is expected to be the conclusion reached by Parliament's 1981 energy commission this fall.

A number of difficult decisions must be made--if it is to be possible to phase out nuclear power. If the first reactor is closed down in 1997, the power companies will have to have definite information on what will be in effect after 1990. This means that a number of preparatory decisions will have to be made immediately.

The commission's representatives say: "If the politicians do not make those decisions, they will lose all credibility."

Preliminary calculations by the commission reveal a big danger that the gap in electricity production may reach between 20 and 50 TWh (Terawatt-hours) in the year 2010.

The figure will be 20 TWh if all four undeveloped rivers in Norrland are sacrificed and, in addition, investments are made in a number of coal-fired power plants.

Simple Issue

The commission avoids saying what the alternative sacrifice would have to be or how big the substitution requirement for electricity would be.

One centrally placed source on the commission told DAGENS NYHETER: "We are not going to say that a gap will appear, only that the danger exists that it will. So the nuclear issue is very simple. What will the government and Parliament do in such a situation? There must be preparation for dealing with such a situation."

He added: "The whole thing boils down to a matter of credibility for the politicians. They can no longer leave those problems for the future. If they do, soon no one will believe any longer that nuclear power is going to be phased out."

The commission's proposals are to form the basis for the government's energy bill in the spring of 1985. The members of EK 81, as the commission is popularly known, will enter the final stretch early this summer. A number of chapters in the proposal are already in stencil form. The report will be published this fall.

Most of the commission agrees on one thing: today there are no economically realistic alternatives to nuclear power except the development of hydroelectric power and investment in coal-fired generation systems. Developing wind power or producing electricity with domestic fuels is too expensive. It is possible that those energy alternatives will become cheaper around the turn of the century, but the commission's members say that one cannot make preparations based on faith.

Every alternative must be kept open. This means that a threat will continue to hang over the rivers. The figure being mentioned privately in connection with the expansion of hydroelectric power is on the order of 10 TWh. That is regarded as the absolute maximum that the environment and politics will stand for. It is also as much as would be provided by expansion of the Kalix, Pite, and Vindel Rivers. But it is mentioned only as an example.

The energy commission is not going to single out any particular rivers: it will simply indicate the need to be prepared for making decisions around 1990.

On the politically sensitive nuclear issue, therefore, the energy commission has no specific solutions to offer. The idea of "preparatory decisions" becomes the golden thread.

Well Prepared

Another main idea is that the environment must be protected. Among other things, this means limiting the risks associated with coal-fired systems.

Great emphasis is also placed on the importance of using electric energy as effectively and rationally as possible from now on. On that point, the commission is providing a number of specific proposals in detail.

What will happen if there is a major accident at a nuclear power plant somewhere in the world or a risk of war? Well, it happens that Sweden is quite well prepared for such a situation. But only in the short term. At present, there are large oil-fired condensing plants that are idle only as a means of conserving petroleum. There are two of them: in Blekinge and on the west coast. The condensing plants constitute a reserve amounting to a full 25 TWh of electricity.

On the other hand, the condensing plants are not an alternative to nuclear power. It is expensive to generate electricity using petroleum.

In its report, EK 81 plays about with the concepts of "minimum" and "maximum" electricity production levels in the year 2010 (when the last reactor will presumably be shut down).

Last year, 110 TWh of electricity were produced in Sweden, and production is expected to increase to about 115 TWh in 1984.

In the committee's typewritten report, no figures have been entered for the maximum and minimum levels in 2010. The committee's secretariat and a few of the political members are thinking of introducing 100 TWh as the lowest figure and 140 TWh or more as the highest. As usual, those figures include distribution losses of about 10 percent. A figure of 85 TWh has been advanced in some special studies produced for the commission. But that is a net figure. Adding distribution losses of about 10 TWh to that brings one back to about the 100-TWh figure.

There was hope at one time that combined heat and power plants and back pressure would contribute a great deal in the future. A combined heat and power plant is one that produces both district heating and electricity. Back pressure is industrial waste heat hooked up to produce electricity. But investment in district heating is now expected to be less than originally thought. Another problem is big, electrically powered heat pumps. They are successful, but they require electricity.

A big worry is the heating of detached houses. Around the turn of the century, most of them will be heated with some form of electricity. It will be very difficult to find alternatives to electric heating on an adequate scale, at least in the cities, where there would immediately be a collision with environmental policy.

The estimates that have been made on EK 81's behalf point to an annual industrial growth rate of 2 percent. That adds up to a lot over a 25-year period. Even if industry's electricity consumption can be made more efficient and rationalized, industrial requirements overall are going to increase.

Some comments from the members of EK 81:

"The equation that consists of sharply reducing electricity production by phasing out nuclear power while simultaneously enjoying economic growth is an impossible one."

"Everyone now feels that there will be a gap."

So far, no politician on the commission has committed himself. The Center Party's spokesman, Borje Hornlund, for example, has not had to show his hand. True, it is reported that there have been a number of exhaustive discussions. But no one knows whether the commission, despite its refusal to take a stand on the hottest of political potatoes, will be able to reach agreement.

Everyone on the commission agrees that the government and Parliament will be faced with the need to take a number of difficult stands during the 1980's. The

phasing out of nuclear power will require blood, sweat, and tears. That will be the commission's message.

On the other hand, the final decisions will have to be made by a new generation of politicians. As is clear from Hasse Eriksson's drawing [not included], for example, Thorbjorn Falldin will have reached the respectable age of 84 in the year 2010, and Olof Palme will be 83.

Calculation Illustrating the Gap

How is nuclear power going to be replaced in the year 2010?
The calculation below is being discussed at the moment by Parliament's 1981 Energy Commission (EK 81):

This year--1984--Sweden is expected to produce 115 TWh of electricity. Next year another two reactors (Forsmark 3 and Oskarshamn 3) will be added to the system, providing another 12 TWh. Electricity production may reach about 130 TWh in 1990.

If nuclear power is switched off, this is what we will have after the year 2010:

About 66 TWh of hydroelectric power.

Plus from 10 to 14 TWh from combined heat and power plants (back pressure).

For a maximum of 80 TWh.

If the electricity requirement in the year 2010 is taken to be between 100 and 140 TWh, the gap will be between 20 and 60 TWh.

Sacrificing the rivers and investing in coal are the chief alternatives considered plausible today.

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